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PENSIONS & June 26, 1989

InvestmentAge

The newspaper of corporate and institutional investing

Fund gets major proxy concession

By Marcia Parker

National Intergroup Inc., Pittsburgh, and the State of Wisconsin Investment Board, Madison, have negotiated a revised poison pill resolution with a three-year life, marking the evolving dialogue between institutional investors and corporate executives during the 1989 proxy season.

The proposal, made public in National Intergroup's proxy statement last week, is endorsed by the company's management. It is the first time an institutional investor and a company bargained over an existing poison pill plan, shortened its shelf life, then agreed the sponsor would resubmit the plan to shareholders with management's support.

The pact also sets up for the first time a permanent shareholder review process that could be extended to cover other corporate governance-related proposals and could serve as a model for other companies.

Poison pills, which come in many forms, make companies less attractive and harder for unwelcome raiders to take over. National Intergroup's existing poison pill was adopted by the board in 1986 without a shareholder vote and was scheduled to expire in 1996. The revised poison pill proposal, on which shareholders will vote July 26, will end in 1992.

If National Intergroup wants to amend the pill during its three-year life, the company will have to seek shareholder approval. If the company wishes to extend the pill's life beyond 1992, it will have to ask shareholders to allow the extension. In addition, the proposal contemplates establishing a process for stockholder approval of the adoption of any other rights offering plan. The affirmative vote of the holders of the majority of the company's common stock is necessary for approval.

The proposal "illustrates the working relationship we can have with a company," said Patricia Lipton, assistant executive director of the $16.4 billion Wisconsin Investment Board, which owns 1.65 million shares of National Intergroup common stock. She said pension executives, negotiating with national Intergroup for some time, were impressed with the company's willingness to work with the fund.

William Rodgers, vice president, general counsel and secretary of National Intergroup, said talks with Wisconsin began last February and were supported by Chairman Howard Love.

"We regard this as another type of communication with shareholders. We wanted to create a process by which shareholders could review matters like the shareholder rights plan. We wanted to give shareholders a voice," Mr.

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National Intergroup, a pharmaceutical distributor, agreed to revise its poison pill and submit it to a shareholder vote after negotiations with the Wisconsin Investment Board.

Bankers win one on BICs

By Joel Chernoff

WASHINGTON — In a defeat for the insurance industry, the U.S. House of Representatives rejected a proposed two-year moratorium on federal pass-through insurance for pension fund investments in bank deposit instruments.

The House vote killed an effort by the American Council on Life Insurance to knock banks out of the $150 billion guaranteed investment contract market. Key legislators and groups representing banks, unions, pension funds and retirees were able to persuade Congress there is no evidence that providing federal pass-through insurance threatened the Federal Deposit Insurance Corp. and Federal Savings and Loan Insurance Corp. funds.

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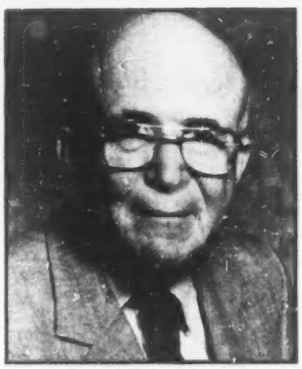

Rep. Augustus F. Hawkins helped kill the moratorium on pass-through insurance.

Searches skyrocket

Smaller plans want small-cap managers

By Fred Williams

Demand for small-capitalization stock managers has surged among pension investors, epecially among smaller ones.

Some 27 small-cap manager searches were undertaken in the first five months of 1989, compared with nine for the same period a year earlier, according to statistics from the Tracker system of Eager & Associates, Louisville, Ky.

If the hirings are maintained at that five-month pace, there will be 65 small-cap manager searches this year vs. 45 for all of last year, Tracker predicts.

Assets of the median plan sponsor hiring small-cap managers so far this year are $375 million, compared with $600 million in 1988.

Sizes of accounts given to small-cap managers reflect the smaller fund size. With $279 million in assets placed so far, the 1989 total would be $670 million — if the pace is maintained, vs. $832 million placed in 1988, despite the greater number of searches this year.

Many investment specialists trace the resurgence of interest in small-cap stocks to the market crash of October 1987.

"Institutions went back and looked at their asset allocations and found they were underweighted significantly in small-cap stocks relative to the total equity market," said Robert Kern, executive vice president of Morgan Grenfell Capital Management Inc., New York, who heads the Morgan Grenfell small-cap equities team.

"They also saw the valuation levels near their historical lows. The driving force in the renewed interest in small-cap stocks was a combination of asset allocation reviews and finding valuation levels near their lows."

Mr. Kern said Morgan Grenfell has attracted $500 million in new investments in small-cap stocks in the past 15 months, bringing its total assets under management to $800 million. "We have closed down to new clients," he said.

Small-capitalization stocks

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4520 EAST-WEST HWY SU 800
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LATE NEWS

Request for software is bogus

LOS ANGELES — Phony letters seeking complimentary copies of asset allocation software have been sent to investment management consultants in *Pensions & Investment Age*'s name.

The letters, on counterfeit *P&I Age* letterhead, ask consultants to forward the software to a Los Angeles address, so the programs can be reviewed and published in an August issue of the publication.

Publisher William T. Bisson Jr. said *P&I Age* is not publishing any such review and did not authorize anyone to solicit software. "This is obviously an attempt to misuse the high regard for, and good will of, *Pensions & Investment Age* to fraudulently obtain valuable software," Mr. Bisson said. Anyone who has received such a letter should contact Mr. Bisson at (212) 210-0110.

Investment chief quits utility

NEW ORLEANS — Michael W. Rohm has resigned his position as assistant treasurer-investment management at Middle South Utilities Inc. to direct the fixed-income investment program at JMC Capital Management Inc., Metairie, La.

Mr. Rohm had been responsible for supervising the $1.7 billion Middle South employee benefit, corporate cash and nuclear decommissioning trusts. Middle South executives have assumed Mr. Rohm's duties while they decide whether to replace him.

New Orleans fund restructures

NEW ORLEANS — The $140 million City of New Orleans Employees' Retirement System has invested in equities for the first time.

Acting on an asset allocation study done by Prudential-Bache Investment Management Services, New Orleans, the system has hired three equity managers, two balanced managers and two fixed-income managers; it will invest about 35% in equities.

For equities, Southeastern Asset Management, Memphis, Tenn., and Dean Investment Associates, Dayton, Ohio, were hired to manage $10 million each; JMC Capital Management Inc., Metairie, La., was hired to manage $5 million, according to Paul Mitchell, director of finance.

Balanced managers hired were Cashman, Farrell and Associates, Berwyn, Pa., and WEDGE Capital Management, Charlotte, N.C., to manage $25 million each in accounts not to exceed 50% equities.

For fixed income, Consistent Asset Management Co., Wilmington, Del., was hired to manage $15 million and Quantum Capital Management, New Orleans, $5 million.

Hibernia National Bank, New Orleans, which had managed about $75 million in fixed income, will continue to handle $10 million. Bernstein-Macaulay Inc., New York, which had been managing about $35 million in fixed income, was not retained.

The system has about $32 million in guaranteed investment contracts, the assets of which will be allocated among the managers as they mature.

Banks ready for underwriting

NEW YORK — The securities affiliates of five big commercial banks are gearing up to start underwriting corporate debt in light of the Federal Reserve Bank's long-awaited approval last week of J.P. Morgan Securities Inc.'s application to raise money for companies in the public bond market.

While the Fed hasn't yet approved the applications of the other banks with securities affiliates, officials anticipate getting the go-ahead soon. The others are Security Pacific Corp., Bankers Trust Co., Chase Manhattan Corp., Chemical Bank Co., and Citicorp.

Sponsors alter manager lineups

• CHICAGO — The $10.4 billion American Information Technologies Corp. pension fund assigned $300 million to Goldman, Sachs Asset Management, New York, according to Jess B. Yawitz, chief investment officer of the Goldman, Sachs & Co. unit. Ameritech placed the money in an intermediate-term duration-targeted portfolio, said Mr. Yawitz. The duration will be roughly three to five years.

• CHEYENNE, Wyo. — The $2.7 billion Wyoming Permanent Funds hired Criterion Investment Management Co., Houston, and Duff & Phelps Investment Management Co., Chicago, each to manage $300 million in fixed income, said Glenn Shaffer, deputy state treasurer-investments. The firms are the funds' first external managers. William M. Mercer Meidinger Hansen Inc., Denver, assisted in the search.

• WASECA, Minn. — Brown Printing Co., with $31 million in pension assets, has hired its first external equity managers.

Carl Domino Associates L.P., West Palm Beach, Fla., will run $5 million in large-capitalization equities, according to Paul Lohse, Brown assistant controller. Fisher Investments Inc., Woodside, Calif., will manage $5 million in medium-cap equities.

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SEC eyes soft dollars

Bond trades may not have a 'safe harbor'

By Joel Chernoff

WASHINGTON — Using fixed-income and derivative trades as a source of soft dollars is running into tough sledding at the Securities and Exchange Commission.

If the SEC ultimately rules against such uses, it could impair attempts by money managers to generate new sources of soft dollars.

Institutional investors lately have looked to bonds and other instruments to generate the soft dollars they have lost because of lower U.S. equity trading levels. Greenwich Associates, Greenwich, Conn., has found $235 million in soft-dollar allocations were made by corporate bond managers last year, although some believe the figure is quite high (*Pensions & Investment Age*, June 12).

To a much smaller extent, money managers and pension executives also are using trading from futures and options, international equities and over-the-counter stocks to generate soft dollars.

In return for directing a certain level of trades through a soft-dollar broker, such as Citicorp's Lynch, Jones & Ryan, a manager would get back, say, half of the commissions to pay for research provided by third parties, such as computer equipment, Quotron machines or economic data.

The question is whether Section 28(e) of the Securities Exchange Act of 1934 applies to fixed-income and futures and options trades that generate soft dollars.

The 28(e) safe harbor — which Congress created as a way to pay for independent research when fixed commissions were eliminated in 1975 — allows money managers to "pay up" on commissions for equity trades if a portion of the commission is diverted to pay for research services that help the manager make investment decisions. Research includes economic data and forecasts and certain computer software and hardware.

Private pension funds also direct trades on the fixed-income side, using the credits to pay for custodian, consulting and actuarial fees or to obtain hard-dollar rebates.

Those pension fund uses, however, are not covered by the 28(e) safe harbor but by the Employee Retirement Income Security Act of 1974. The Department of Labor, which enforces ERISA, has not ruled on fixed-income trades. In regard to stock trades, it says such uses of soft dollars are permissible, but warns pension executives to make sure they obtain best execution on their trades.

While proponents of the techniques argue for a broad reading of the 28(e) safe harbor, SEC officials lean strongly against it, although no formal ruling has been issued.

The safe harbor refers specifically to "the amount of commissions." But in a dealer market, such as for bonds or OTC stocks, there is no commission, but a spread. Proponents argue the law also mentions "dealers," and thus does not exclude bond trades.

What's more, the way soft-dollar brokers do their bond trades, the spread is deemed to be a commission under a theory of the "riskless principal transaction," said Tony Newland, a partner in the law firm of Seward & Kissel, New York.

Typically, a potential buyer would call the soft-dollar broker with the type of bond desired. That broker finds a seller, then would have to meet or better the price offered by major brokers before the trade could go through.

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2 study returns on venture cap

By Trudy Ring

Institutional investors are banding together to develop a system of comparative performance measurement for venture capital funds.

At a recent venture capital conference in New York, pension fund executives, money managers and other investors appointed a two-person committee to work on the project. The two are Tom Judge, division manager at American Telephone & Telegraph Corp., New York, and Bart Holaday, managing director-venture capital at First Chicago Investment Advisors.

AT&T has $443 million of its more than $28 billion defined benefit assets in venture capital, while First Chicago manages more than $500 million in venture capital for clients.

Messrs. Judge and Holaday hope to have a performance measurement proposal ready to present to the National Venture Capital Association, the venture capital trade group, at its meeting next May. The basis for their proposal will be a paper written by Mr. Holaday.

Mr. Judge, Mr. Holaday and other institutional investors have been pushing for venture capital valuation and performance standards for three years.

Mr. Holaday presented his paper at the recent conference, sponsored by the Institute for International Research, New York. It was the same forum at which he broached the idea of comparative performance measurement two years ago (*Pensions & Investment Age*, Aug. 24, 1987).

Since then, some of the opposition from venture capitalists to such measurement has dissipated. "What I'm suggesting is much less than the general partners demand of their portfolio companies," Mr. Holaday said.

Most venture capitalists make interim performance — or, as Mr. Holaday put it, "progress" — statistics available to their limited partners. But while the limited partners are able to compare performance among the funds in which they have invested, there is no central source of industrywide performance information for comparison purposes.

Consulting firms, such as Venture Economics Inc., Needham, Mass., keep performance information on a wide variety of funds, which their clients and others who buy the information can use for comparison. Mr. Judge said, however, the committee's aim is to get data from all venture capital funds.

(Linda Vincent, vice president of Venture Economics, said the firm does not have a full census of venture capital funds, but has a large sample — 40% of the funds formed and 65% of the capital invested since 1970.)

Also, Mr. Judge said, the committee's goal is to make the information available generally and not as a profit-making venture. "Our objective is not to make money," he said. "Our objective is to have the data."

The proposed format for presentation of the data would be similar to one used by Venture Economics, showing year-by-year median returns of all funds formed in a given year. Because of varying market conditions, it's important to compare performance only among funds formed the same year, Messrs. Judge and Holaday said.

Also, once the data base becomes large enough, it will be possible to break out comparisons among types of funds, either by industry concentration or stage of investment. It also will be possible to show not only the median return, but break the returns into

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Property new turf for MPT

By Andrew Reinbach

Fifteen years after they penetrated stock market investing, modern capital market theories are making themselves felt in real estate investing.

Although the business is dominated by traditionalists, real estate "rocket scientists" are making substantial headway and are expected, eventually, to win as much power as their brethren have in the securities industry.

"What we're trying to do is take real estate portfolio strategy management and make it very objective, very rigorously analyzed, and bring it in line with what's common practice on the stock and bond side," said Susan Hudson-Wilson, vice president of John Hancock Properties Inc., Boston.

Ms. Hudson-Wilson said, essentially, she and her colleagues at other companies are creating a genre of real estate separate accounts with risk/reward characteristics that are customized to an individual investor's portfolio needs.

Ms. Hudson-Wilson does this by forecasting: property returns; risk as defined by the standard deviation of returns; and the covariance of return volatility among property types related to each other across markets on a national basis.

She and her staff then conduct a cluster analysis of properties; these are properties that can be considered substitutes for each other because they have the same forecast and historical behavior.

Continued on page 54

Retiree health-care funding

FASB motion tested

Costs rise, income drops

By Fred Williams

MORRISTOWN, N.J. — Retiree health-care costs increased between two and seven times, and pre-tax income decreased anywhere from less than 2% to more than 20%, for the 26 companies that tested a proposal to change the accounting procedures for post-retirement medical benefits.

The field test showed the effects of switching to accrual accounting — as proposed by the Financial Accounting Standards Board — from the pay-as-you-go method used by most corporations. The test was organized by the Financial Executives Institute through the Financial Executives Research Foundation, and was conducted by Coopers & Lybrand.

Although previous estimates put total unfunded liabilities for retiree medical expenses at between $200 billion and $2 trillion, the field test is the first comprehensive assessment of the impact of the FASB exposure draft.

Younger companies (those with more than six active employees for each retiree) generally had the highest multiples of expense to benefit payments under the FASB proposal.

Two companies reported the FASB proposal would boost expenses by less than twice what they are under current accounting methods; seven companies said expenses would be 2 and 3.9 times what they are now; 10 said expenses would be between 4 and 5.9 times greater; and seven said expenses would be at least 6 times current levels.

Using the 26 companies' latest financial statements, Coopers & Lybrand found two companies would experience a decrease in pre-tax earnings of less than 2% under the terms of the FASB exposure draft; six a decrease in pre-tax income of between 2% and 3.9%; four, between 4% and 7.9%; three, between 8% and 11.9%; three, between 12% and 15%; three, between 15.1% and 20%; and three, more than 20%.

The higher expenses would "both drive up recorded liabilities and reduce net worth, affecting a company's debt-to-equity and other key ratios," according to a report released with the test results.

"Consequently, some companies could fail to meet restrictive covenants in their debt agreements. In addition, some financial analysts may immediately deduct from net income or stockholders' equity the disclosed, but unrecorded, obligation at the date accrual accounting is adopted in evaluating a company's financial position."

Excluding any tax effects, 10 of the field test companies would experience decreases in net income of between 5% and 19.9%, and five would have more than a 20% decrease in net income.

Five would experience a decrease in stockholders' equity of 0.5% to 1%; two, a decrease in stockholders' equity of 1.1% to 1.4%; six, between 1.6% and 2%; five from 2.1% and 3%; and four, more than 3%.

The effect on stockholders' equity on other companies likely would be greater than it was for the test companies, which generally are "financially strong, large, mature or highly mature," the report said.

The 26 companies participating in the field test are major U.S. corporations, all with 1988 total revenue of more than $250 million and most with revenue more than $1 billion.

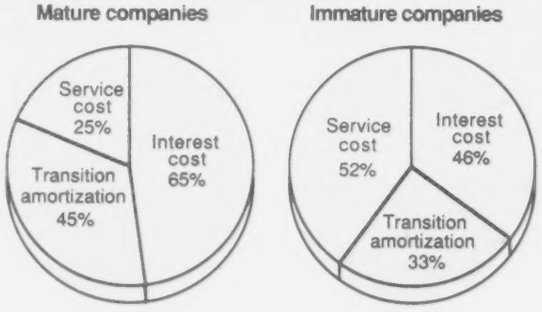
"These are real-life companies with real expenses and problems. If these companies are any indication, most companies will have real problems identifying what their costs are," said Norman Roy, president-elect of the Financial Executives Institute.

"In the real world, most companies will have more difficulty in developing the data on actual medical claims and cost data required to assess their liabilities."

The field test also found information on retiree health plans, demographics, dependency status and medical claims "was unavailable or of poor quality."

Mr. Roy said the FEI supports accrual accounting for retiree medical benefits "in theory," but would like a longer phase-in period. The FASB proposal is scheduled to take effect for fiscal years beginning after Dec. 15, 1991. ■

Components of health benefits expense



Data represent the highest percentages reported among test companies

Size of benefit payment increase under FASB

	Number of companies	
	Mature companies	Immature companies
Less than 2 times	2	NA
2.0 to 3.9 times	7	NA
4.0 to 5.9 times	9	1
Greater than 6 times	4	3

Source: Coopers & Lybrand

U.S. officials hit pre-funding means

By Joel Chernoff

WASHINGTON — Members of the Bush administration criticized proposals that would expand employers' ability to pre-fund retiree health liabilities, damaging chances of legislation passing Congress this year.

In testimony before the House Ways and Means Oversight Subcommittee, Treasury and Labor Department officials warned current proposals are inadequate, do not treat retirees equitably and likely would cause severe revenue drains on the government.

Any proposal that does meet with administration approval would have to be accompanied by pension-law-type standards that could add significant liabilities onto employers' books, something that business strenuously opposes.

Pension experts, however, do not think the issue is dead if proposals can be shown to boost federal tax revenue, at least in the short run, and if the issue is tied into legislation affecting asset reversions from terminated pension plans.

"If there's a revenue gain, Congress may take it," said Mark Ugoretz, executive director of the ERISA Industry Committee, a Washington lobbying group.

At the June 14 hearing, a General Accounting Office executive estimated employer liabilities for retiree medical obligations at $227 billion as of 1988. Adding in employer savings stemming from legislation expanding Medicare benefits passed last year, the estimate drops to $197 million, according to the GAO.

"If the nation's employers had started advance-funding these accrued liabilities in 1988, their first-year funding costs would have been $28 billion," about three times their 1988 pay-as-you-go costs of $9 billion, Lawrence H. Thompson, an assistant comptroller for the GAO, told the panel.

The Department of Labor, which had estimated employer liabilities at $98 billion in 1983, now says they run between $200 billion and $300 billion.

Employer groups and legislators are pressing several options to allow companies to pre-fund at least a portion of their retiree medical obligations, but they ran into a wall of resistance at the hearing.

Administration officials raised a host of objections to current proposals. They argued the concept of permitting pre-funding for retiree health liabilities needs to be evaluated in the context of a wide range of issues, including the role of Medicare and Medicaid, the appropriate use of tax incentives, what protections should be provided for employees and health care cost issues.

But the most fundamental issues might be whether additional tax incentives should be used to support employer-provided retiree health plans, or whether tax benefits should be provided to all retirees, regardless of their employer, said Kenneth W. Gideon, the Treasury Department's assistant secretary for tax policy.

Only a minority of employers provide retiree medical benefits, he noted. Expanding tax incentives for employer-sponsored programs "would not necessarily ensure that others receive any benefits, thus potentially expanding inequities between those individuals whose employers choose to take advantage of the tax incentives and those whose employers do not," he said.

Mr. Gideon also registered strong opposition to adding tax incentives to pre-fund retiree medical benefits for those retiring prior to age 65.

A disproportionate share of retiree-health liabilities stems from pre-65 retirees; after that time, Medicare kicks in as the primary health insurance vehicle, thus taking the pressure off employer-provided plans.

"Such early retirement benefits are especially expensive to pre-fund and thus tend to spend down overall savings that might better be reserved for later years when earning capacity is more likely to be reduced," he said.

"We do not believe that it is appropriate for the tax system to provide additional tax incentives for early retirement benefits."

Government officials also questioned the revenue and fairness implications of an industry-sponsored proposal that would permit employers to transfer a portion of their surplus pension assets to a retiree medical trust.

Such a "limited proposal" would raise about $6 billion in federal tax revenue between 1988 and 1992, according to John E. Stair Jr., a manager in E.I. du

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Survival of 401(h) doubted

By Joel Chernoff

WASHINGTON — Congress might shut the door on a recently expanded funding vehicle for retiree health liabilities, according to pension experts.

If a move is made to close off pre-funding, it would come at a time when employers are pressuring Congress to deliver new ways of pre-funding retiree health obligations. The General Accounting Office estimates employer liabilities at $197 billion as of 1988 (*see related story*).

At issue are so-called 401(h) accounts, which are separate accounts contained within qualified retirement plans that can be dedicated to paying retiree medical benefits.

Under recent private letter rulings, the Internal Revenue Service enhanced employers' ability to pre-fund retiree health liabilities through 401(h) accounts.

Previously, an employer could put up to 25% of the pension plan's annual contribution into the 401(h) account, but contributions have been restricted severely as many pension plans have become fully funded. But the IRS rulings said an employer could contribute up to 25% of the plan's cumulative cost since the time the 401(h) feature was added, regardless of the size of the contribution (*Pensions & Investment Age*, May 1).

The Department of Treasury estimates that, if employers take advantage of the rulings, 401(h) accounts ultimately will cost the government about $500 million a year in lost revenue. Congress is attempting to come up with $5.3 billion in new revenue as part of the budget-reconciliation process.

The newness of the rulings makes them more vulnerable. "It's always easier to take away something (people) didn't think they had three months ago," said Kent Mason, an attorney with the law firm of Caplin & Drysdale, Washington, and a former staff member on the Joint Committee on Taxation.

Dallas Salisbury, president of the Employee Benefit Research Institute, Washington, said employers "should not be sur-

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Fed's overdraft proposal criticized

By Fred Williams

A Federal Reserve Board proposal to charge banks that are overdrawn on their accounts with the central bank on an intraday basis will increase wire transfer costs and/or delay transfers of funds, cash management industry experts say.

If adopted, the Fed estimates as many as 250 banks will pay a total of about $40 million a year in such charges, and the costs likely will be passed on to the banks' customers.

The proposal is the latest in a 10-year series of moves by the Fed to reduce risks in the payments system. The Federal Reserve's daily aggregate credit exposure averages $110 billion.

A daylight overdraft occurs when a bank using the Fedwire system transfers out more money than it has received or more than it has in its reserve account at the Fed.

The Fed is proposing to charge banks for the daily amount of their Fedwire overdrafts at the rate of 25 basis points annually, or $6.85 per day for each $1 million of average overdrafts in excess of a deductible equal to 10% of the bank's capital equivalency. Pricing for daylight overdrafts would be phased in during a three-year period, starting in 1991.

Sources say the proposal is an extension of the Fed's imposition of net debit caps on daylight overdrafts in 1987, rather than an admission by the Fed that the caps have not functioned as anticipated.

But bankers, cash management consultants and corporate treasury executives agree the Fed proposal is fraught with uncertainties over implementation. Banks do not have the systems to accurately measure each customer's contribution to its overdraft, thus there is no generally accepted method of charging individual customers that might have contributed to the overdraft.

"Corporate people will have to be careful and take their banks to the well on this. How do they know if they have a daylight overdraft? Banks don't have the capability to monitor that. The question is: How do you monitor when the bank has received your money and posted it to your account? It could be an opportunity for banks to start charging people for smoke and mirrors because it is very difficult for them to monitor," said Ray Ruzek, former executive director of the National Corporate Cash Management Association and now a consultant with Ruzek & O'Malley, Newtown, Conn.

Jack Meckler, executive vice president of UAI Technology, a Research Triangle Park, N.C., cash management research firm, said banks that incur the charge will pass the costs on to corporate financial departments in the form of higher prices for wire transfers.

"It is a source of concern. I don't think a bank can tie its charges from the Fed for overdrafts to individual customers. If a bank wants to recoup some of its money from its customers, it must set up a program that will charge companies when they are in a daylight overdraft, regardless of how much the bank is in overdraft to the Fed."

He said banks most likely will increase the cost of wire transfers by a certain amount "so the amount is equal to the amount they pay the Fed."

Some sources have been critical of what they consider already excessive charges for wire transfers by banks. According to the Blue Book of Bank Prices, published by Phoenix-Hecht, a division of UAI Technologies, the average list price of an outgoing automated non-repetitive wire transfer is $7.83, while the Fed charges banks only 55 cents to 60 cents for the service.

The other concern, said Mr. Meckler, is banks might delay certain wire transfers to try to avoid incurring an overdraft or charge a premium for those wire transfers requiring immediate attention.

Robert Kelderhouse, vice president of banking and cash management at Heller Financial Corp., Chicago, and chairman of the NCCMA's subcommittee on payment systems, said "we contend that most banks have neither the ability to accurately measure daylight overdrafts nor the ability to timely apply all the transactions of a corporation so they can be accurately charged."

"Our concern is how banks are going to choose to interpret this. Our banks have responded all across the board. Some say they won't charge because they can't determine how much to charge. Others may say they will have an additional cost that they can't measure so they may put a price increase in for wire transfers. Others would elect to charge for an intraday loan on the overdraft, but how much and on what basis?" Mr. Kelderhouse said.

He said the NCCMA probably will not formulate a response before August.

Bank cash management officials are not happy about the Fed proposal, either.

"I don't see this as being a real deterrent to daylight overdrafts," said Richard Ercole, senior vice president at Security Pacific National Bank, Los Angeles. "I don't see banks changing their practices. The Fed is trying to protect itself by passing on the risk to banks. The Fed should do what banks do and extend (intraday) credit only to those clients creditworthy enough to deserve it." ■

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CORRECTIONS & CLARIFICATIONS

- In the May 15 issue, *Pensions & Investment Age* incorrectly reported the median five-year compound annual return for equity portions of balanced funds in the SEI Funds Evaluation Services Universe. The correct return was 17.4%.
- It was incorrectly reported June 12 that buyers of **Carl Icahn**'s 42.3 million shares of Texaco stock would receive an $8 special dividend. The timing of the stock sale resulted in Mr. Icahn receiving the first of the two $4 dividends. Buyers of Mr. Icahn's shares will be entitled only to the second $4 special dividend.

50 LARGEST INTERNATIONAL MANAGERS

Foreign boom returns

By Curtis Vosti

Global assets fuel 26% growth

A 46.4% spurt in global assets under management for U.S. tax-exempt clients fueled the year's growth among the top 50 managers in the annual *Pensions & Investment Age* survey of international/global managers.

Total U.S. discretionary tax-exempt assets in international/global accounts managed by the Top 50 money managers grew 25.9%, to $60.263 billion as of March 31, up from $47.865 billion in 1988. The next 50 managers reported a total of $6.073 billion in international/global assets under management.

In a switch from last year's survey, assets earmarked for equities this year outpaced those for fixed income among the Top 50.

Global mandates — which allow investments in U.S. markets — rose 46.4% to $13.89 billion from the $9.49 billion reported as of March 31, 1988. International investments, which do not allow U.S. investments, increased 20.8% among the Top 50, to $46.372 billion from $38.374 billion.

The 25.9% increase for all international and global assets under management is almost six times the increase reported a year earlier, when the shock of the market crash prompted a withdrawal of some international investments and delayed nervous new investors from entering the market.

According to Duncan Fordyce, senior vice president of InterSec Research Corp., Stamford, Conn., net cash flows to international/global accounts increased dramatically in the year ended March 31 because of a slowdown in "clawbacks," or partial withdrawals of international assets because of allocations that had grown, through performance gains, beyond sponsors' targets. Other analysts said the shock of the October 1987 crash resulted in many funds delaying international and global manager searches until after March 31, 1988, after they sorted out the benefits of diversification across international markets.

While some of the increase for the year ended March 31 can be attributed to performance — the Morgan Stanley Capital International Europe Australia Far East Index returned 11.9% for the period and the FT-Actuaries Europe/Pacific Index returned 11.23% — many managers say the increase in assets seems to signal a return to the optimism of pre-crash years.

This year, global investments accounted for 23% of all international/global assets reported by the Top 50, up from last year's 19.6%.

"For those already in international, global investing is the next logical step," said Toby Westbrook, vice president of international consulting services for Callan Associates Inc., San Francisco.

First Chicago Investment Advisors, Chicago, showed a whopping 571% increase, to $778 million from $116 million, in its global assets under management.

"In the last half a year, we've seen a dramatic increase in the number of people who prefer a global mandate," said Richard Carr, managing director for First Chicago. "They are giving the managers freedom to escape back to the United States when international markets don't look attractive."

PCM International reported a 59.3% increase in its global fixed-income assets under management, to $903 million, making it the leader in that category.

According to Barry Gillman, managing director, the growth was due mainly to institutional investors who already had gone international for diversification purposes but now were prompted by the prospect of added value returns.

He said the move toward global investing also was encouraged by the fact that U.S. fixed income outperformed non-U.S. fixed income for the first time in three years. "That has slowed the interest in non-U.S. fixed income," Mr. Gillman said.

For the year ended March 31, the Salomon Brothers U.S. Government Bond Index returned 4.72%, and for the first quarter 1989, it returned 1.17%. In comparison, for the respective time periods, the Salomon Brothers Non-U.S. Dollar Government Index returned −4.64% and −5.82%.

And as newer investors entered the market, they tended to invest in international equities.

"If you are a new (international) investor, the first place you go is equities," said Callan's Mr. Westbrook.

The growth of international/global equity assets under management exceeded the growth in international/global fixed-income investments from a year earlier.

As of March 31, international equities under management among the Top 50 totaled $39.626 billion, and global equity accounts amounted to $7.155 billion. The total, $46.781 billion, was up 22.2% from the amount in international and global equities under management a year ago.

International fixed-income assets under management as of March 31 totaled $5.902 billion among the Top 50, while $5.015 billion was in global fixed income. The total, $10.917 billion, is up 13.5% from the amount reported a year ago.

The Salomon Brothers World Government Bond Index returned −0.62% for the year ended March 31.

Last year, fixed-income assets increased 41% from the year earlier, while equities posted a 2% decline.

(An additional $1.809 billion was reported to be invested in international and global balanced accounts as of March 31; one firm reported $55 million in cash, and another did not break its $700 million in assets into fixed and equity categories.)

As it did last year, State Street Bank and Trust Co., Boston, led the way with $5.584 billion in international/global assets under management, up 36.4% from $4.031 billion a year ago.

Among other leaders, Capital Guardian Trust Co., Los Angeles, jumped to second place from third, reporting $3.455 billion, up from $2.701 billion; First Chicago moved to third from fifth; and Batterymarch Financial Management, Boston, jumped to fourth place this year from last year's ninth, reporting $2.552 billion up from $1.96 billion.

J.P. Morgan Investment Management Inc., London, dropped to fifth from second, with a drop in international/global assets under management to $2.449 billion from $2.726 billion. John Baumann, Morgan vice president, attributed the slight drop to two of its clients switching international assets to Morgan's domestic management.

One of the biggest gainers was Boston International Advisors Inc., Boston, which posted a 356% increase in international/global assets under management, to $826 million. The firm jumped to 25th from 47th in the rankings.

David Umstead, managing director, said most of that increase was from pension funds who hired Boston International after terminating other managers.

"It was a reaction from five years in a row in which the median manager underperformed the international indexes," Mr. Umstead said.

Yet the pension funds were still willing to bet on Boston International — primarily an active manager — because the median returns, while underperforming the index, were still superior to the returns available from domestic investments, according to Lyle Davis, president. ■

Top 50 managers ranked by combined international and global account assets

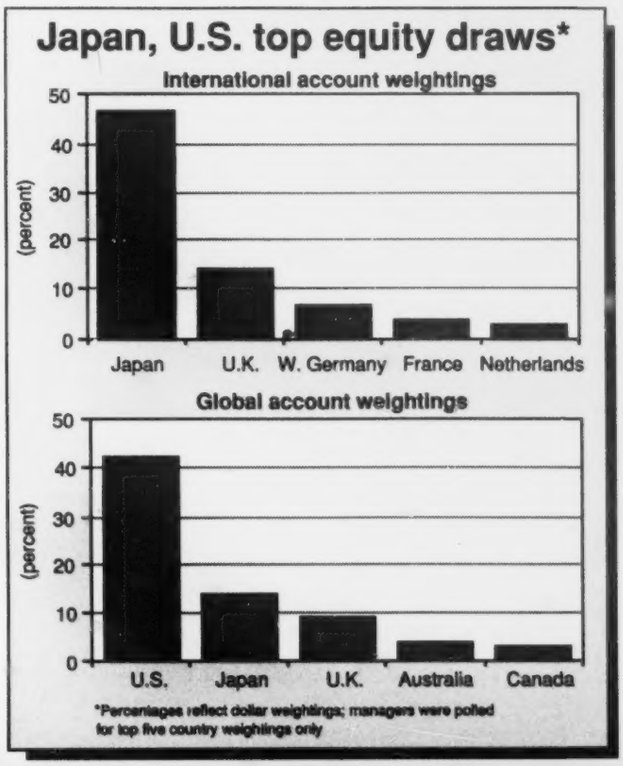
	U.S. $ mils.
1. State Street Bank	5,584
2. Capital Guardian	3,455
3. First Chicago	2,933
4. Batterymarch	2,552
5. J.P. Morgan	2,449
6. Morgan Grenfell	2,404
7. Baring Int'l	2,383
8. Templeton Int'l	2,249
9. GE Investments	2,174
10. Rowe Price-Fleming	2,115
11. Grantham, Mayo	2,111
12. Wells Fargo	1,954
13. Schroder Capital	1,900
14. WorldInvest	1,648
15. Warburg Investment	1,533
16. Nomura Capital	1,529
17. Chase Investors	1,227
18. PCM Int'l	1,217
19. Oechsle Int'l	1,084
20. TCW Global	1,012
21. Fidelity Int'l	1,000
22. N.M. Rothschild Int'l	971
23. Bankers Trust	922
24. Dimensional Fund	885
25. Boston Int'l	826
26. Alliance Capital	804
27. Scudder, Stevens	791
28. Posthorn Global	708
29. Mercator Asset*	700
30. Discount Corp./N.Y.	650
31. IDS Int'l	624
32. Julius Baer	623
33. Mellon-Pictet Int'l	580
34. Kemper-Murray	550
35. Brown Brothers*	515
36. Fiduciary Trust*	505
37. Daiwa Int'l	482
38. Arnhold/Bleichroeder	480
39. Hill Samuel/Investment	403
40. G.T. Capital	394
41. Phillippe Investment	386
42. Nikko Capital	380
43. Capital Research	360
44. Wellington Mgmt.	349
45. SBC Portfolio	342
46. Citicorp Investment	338
47. Globe Finlay	330
48. Capital Mgmt. Int'l	297
49 County NatWest*	280
50. ANB Investment	275
TOTAL	**60,263**

* as of Dec. 31, 1988
Ranking is based on U.S., institutional, discretionary, tax-exempt assets managed

Manager of managers

	U.S. $ mils.
Strategic Investment Partners	755
Frank Russell Trust	325
John Hancock Financial	15

* Ranking is based on U.S., institutional, discretionary, tax-exempt assets managed



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A

Alliance Capital Ltd.

43 Upper Grosvenor, London W1X 9PG, U.K.; 01-493-9606

Total assets managed	$3,289,000,000
Non-U.S. pension assets	$1,433,000,000
U.S. tax-exempt assets	$804,000,000
International	$786,000,000
Global	$18,000,000
U.S. tax-exempt clients	15
Minimum separate account	$10,000,000

Alliance Capital Ltd., a subsidiary of Alliance Capital Management LP, managed $786 million in international equity and $14 million in global equity accounts for U.S. tax-exempt clients as of March 31.

The international equity assets were committed most heavily to Japan, the Netherlands, West Germany, the U.K. and Canada.

The global equity assets were committed most heavily to the U.S., Japan, the U.K., the Netherlands and West Germany.

The firm also managd $4 million in global fixed income.

The firm had in $150 million in commingled accounts invested abroad and $332 million in index funds invested abroad.

The firm has an active, growth-oriented investment philosophy. The firm applies research to the early recognition of fundamental change, leading to the identification of investment opportunity through undervalued markets, currencies, industries and economic sectors.

The firm uses non-U.S. currency hedging through forward contracts.

Of the international/global U.S. tax-exempt assets managed, $472 million is actively managed and $332 million is managed passively. It manages $1.15 billion in U.S. markets for non-U.S.-based clients.

Analysts or portfolio managers are stationed in London, New York and Tokyo.

The firm has been registered with the SEC since 1971.

Dave Williams is chief executive officer; Carol Zipkin, in New York at (212) 969-1004, is client contact for passive management; Philip Douglas is client contact for active management.

ANB Investment Management Co.

1 N. LaSalle St., Suite 600, Chicago, Ill. 60690; (312) 661-5586

Total assets managed	$11,788,000,000
U.S. tax-exempt assets	$10,782,000,000
International	$275,000,000
U.S. tax-exempt clients	644

ANB Investment Management Co., a subsidiary of American National Corp., managed $275 million in international equity as of March 31.

The assets were committed most heavily to Japan, the U.K., France, West Germany and the Netherlands.

The firm offers a passively managed fund, designed to replicate the performance of the EAFE Index. All the international assets are managed passively.

Analysts or portfolio managers are stationed in Chicago.

The firm has been registered with the SEC since 1988.

Jack Tilton is chief executive officer; Ken Sobolewski is client contact.

The foreign business survey will be published July 24.

B

Julius Baer Investment Management Inc.

330 Madison Ave., New York, N.Y. 10017; (212) 949-9055

Total assets managed	$655,000,000
Non-U.S. pension assets	$10,000,000
U.S. tax-exempt assets	$623,000,000
International	$572,000,000
Global	$51,000,000
U.S. tax-exempt clients	12
Minimum separate account	$10,000,000

Julius Baer Investment Management Inc., a subsidiary of Bank Julius Baer, managed $37 million in international equity, $524 million in international fixed-income and $11 million in international balanced accounts for U.S. tax-exempt clients as of March 31.

The equity assets were committed most heavily to Japan, the U.K., France, the Netherlands and West Germany.

As of the same date, it had $51 million in global fixed-income accounts.

The firm had $11 million in mutual funds invested abroad.

The firm applies fundamental analysis to monetary and economic forces worldwide to add value to the domestic portfolio for both our equity and fixed-income products. The firm is an active country/currency allocators, stressing strong, stable countries and currencies, as well as emphasizing top-quality issues.

The firm hedges back to the U.S. dollar and cross currency, using forward contracts.

All international/global U.S. tax-exempt assets are actively managed.

Analysts or portfolio managers are stationed in London and Zurich.

The firm has been registered with the SEC since 1983.

Peter Widmer is chairman; Jennifer Leff is client contact.

Bankers Trust Investment Management Ltd.

1 Appold St., Broadgate, London EC2A 2HE, U.K.

Total assets managed	$75,145,000,000
Non-U.S. pension assets	$1,890,000,000
U.S. tax-exempt assets	$69,344,[illegible]00
International	$781,000,000
Global	$141,000,000
U.S. tax-exempt clients	269
Minimum separate account	$10,000,000

Bankers Trust Investment Management Ltd., a subsidiary of Bankers Trust Co., managed $781 million in international equity and $141 million in global fixed-income as of March 31.

The international equity assets were committed most heavily to Japan, the U.K, West Germany, Switzerland and the Netherlands.

Of assets invested abroad, the firm had $388 million in commingled accounts and $214 million in index funds.

Bankers Trust's active equity approach is top-down, using macroeconomic analysis to select countries, sectors and companies that sustain above-average relative growth. Its passive equity style uses quantitative resources for optimal mix, while replicating benchmark and minimizing trading costs. Its fixed-income approach is active, managing non-U.S. bond exposure while fully hedged back into U.S. dollars.

The firm uses non-U.S. currency hedging.

Of the international/global U.S. tax-exempt assets managed, $341 million is actively managed and $581 million is passively managed. It manages $3.798 billion in U.S. markets for non-U.S.-based clients.

Analysts or portfolio managers are stationed in New York, London, Tokyo, Hong Kong, Sydney and Zurich.

The firm has been registered with the SEC since 1982.

H. Kent Atkins, executive vice president, is chief executive officer; Lynne S. Minard is client contact in New York at (212) 850-2082.

Baring International Investment Ltd.

9 Bishopsgate, London EC2N 3AQ U.K.; 01-623-5264

Total assets managed	$2,570,000,000
Non-U.S. pension assets	$187,000,000
U.S. tax-exempt assets	$2,383,000,000
International	$2,383,000,000
U.S. tax-exempt clients	34
Minimum separate account	$20,000,000

Baring International Investment Ltd., a subsidiary of Baring Asset Management, managed $1.954 billion in international equity and $429 million in international fixed-income for U.S. tax-exempt clients as of March 31.

The equity assets were committed most heavily to Japan, the U.K., West Germany, Hong Kong and Switzerland.

The firm had $343 million in commingled accounts invested abroad.

The firm offers a range of equity and fixed-income products. It will significantly deviate from the index and switch between markets, taking advantage of relative values. The firm has expertise in regional markets.

The firm uses forward contracts for non-U.S. currency hedging.

Of the international/global U.S. tax-exempt assets managed, $2.163 billion is actively managed with the remainder in active/passive strategies.

Analysts or portfolio managers are stationed in London, Tokyo, Hong Kong, Sydney and Seoul.

The firm has been registered with the SEC since 1980.

Peter S. Hartley, managing director, is chief executive officer; John F. McNamara is the client contact in Boston at (617) 357-9074.

Batterymarch Financial Management

600 Atlantic Ave., Boston, Mass. 02210; (617) 973-9300

Total assets managed	$9,647,000,000
U.S. tax-exempt assets	$8,598,000,000
International	$1,391,000,000
Global	$1,161,000,000
U.S. tax-exempt clients	72
Minimum separate account	$10,000,000

Batterymarch Financial Management managed $1.391 billion in international equity and $1.161 billion in global equity accounts for U.S. tax-exempt clients as of March 31.

The international equity assets were committed most heavily to Japan, the U.K., Canada, France and West Germany.

The global equity assets were committed most heavily to the U.S., Japan, the U.K., Canada and France.

The firm had $276 million in commingled accounts invested abroad.

The firm uses an integrated database of nearly 3,000 companies for its computer-driven strategies, seeking value not reflected in market prices. One strategy analyzes a company as another corporation would in seeking an acquisition; the other applies selected market factors. Stocks are purchased in 19 markets through an automated trading system.

All of the international/global U.S. tax-exempt assets are actively managed.

Analysts or portfolio managers are stationed in Boston.

The firm has been registered with the SEC since 1969.

Dean LeBaron is chief executive officer; William H. Yankus, trustee and director of marketing, is client contact.

Arnhold and S. Bleichroeder International

45 Broadway, New York, N.Y. 10006; (212) 943-9200

Total assets managed	$510,000,000
U.S. tax-exempt assets	$480,000,000
International	$480,000,000
U.S. tax-exempt clients	12
Minimum separate account	$20,000,000

Arnhold and S. Bleichroeder International, a subsidiary of Arnhold and S.

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Bleichroeder Inc., managed $480 million in international equity for U.S. tax-exempt clients as of March 31.

The assets were committed most heavily to the U.K., Australia, France, Hong Kong and West Germany.

The firm's investment approach is to select securities, not countries. It evaluates the fundamental criteria of a company and compares absolute and relative price earnings and price cash flow. It targets a 50% rate of return over a 12- to 24-month time horizon for each of the 30 selected stocks in each portfolio.

The firm uses non-U.S. currency hedging.

All of the international U.S. tax-exempt assets are actively managed.

Analysts or portfolio managers are stationed in New York.

The firm has been registered with the SEC since 1940.

Howard B. Moss, vice president and senior portfolio manager, is chief executive officer; Frederic C. Reynolds, director of marketing, is client contact.

Boston International Advisors Inc.

1 Liberty Square, Boston, Mass. 02109; (617) 574-9050

Total assets managed	$864,000,000
Non-U.S. pension assets	$19,000,000
U.S. tax-exempt assets	$826,000,000
International	$798,000,000
Global	$28,000,000
U.S. tax-exempt clients	15
Minimum separate account	$25,000,000

Boston International Advisors Inc. managed $798 million in international equity and $28 million in global equity accounts for U.S. tax-exempt clients as of March 31.

The international equity assets were committed most heavily to Japan, the U.K., France, Italy and Australia.

The global equity assets were committed most heavily to Japan, the U.S., the U.K., France and Italy.

The firm had $119 million in commingled accounts and $282 million in index funds invested abroad.

The firm, an equity manager, uses quantitative value techniques to allocate among the EAFE markets and to select stocks within those markets. The firm also manages custom index funds.

The firm uses foward currency contracts to partially hedge 5% of its index fund assets.

Of the forward U.S. tax-exempt assets managed, $468 million is in active strategies, $270 million is in passive strategies and $88 million is in active/passive strategies.

Analysts or portfolio managers are stationed in Boston.

The firm has been registered with the SEC since 1987.

Lyle Davis, managing director, is chief executive officer; Jennifer Dunning is client contact.

Consultants directory: Nov. 13.

Brown Brothers Harriman

59 Wall St., New York, N.Y. 10005; (212) 483-1818

Total assets managed	$12,740,000,000
Non-U.S. pension assets	$168,000,000
U.S. tax-exempt assets	$5,951,000,000
International	$515,000,000
U.S. tax-exempt clients	303
Minimum separate account	$5,000,000

Brown Brothers Harriman & Co. managed $497 million in international equity and $18 million in international fixed-income accounts for U.S. tax-exempt clients as of Dec. 31.

The equity assets were committed most heavily to Japan, the U.K., West Germany, France and Hong Kong/Singapore/Malayasia.

The firm is a growth-oriented investor with an objective of long-term capital appreciation. It also applies a relative valuation discipline to market and stock selections. Emphasis is on investments in countries whose growth rates are likely to be greater than the U.S. and where the political background and economic factors favor continuation of business development and expansion.

The firm uses non-U.S. currency hedging, involving 10% of assets. Hedging is done through forward contracts and currency options; the firm also holds reserves as dollars.

All of the international U.S. tax-exempt assets are actively managed. The firm manages $1.433 billion in U.S. markets for non-U.S.-based clients.

Analysts or portfolio managers are stationed in New York, London, Paris, Zurich and Tokyo.

Elbridge T. Gerry Jr. is chief executive officer; Paul A. Legvold is client contact.

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C

Capital Guardian Trust Co.

333 S. Hope St., Los Angeles, Calif. 90071; (213) 486-9200

Total assets managed	$3,684,000,000
Non-U.S. pension assets	$196,000,000
U.S. tax-exempt assets	$3,455,000,000
International	$3,153,000,000
Global	$302,000,000
U.S. tax-exempt clients	31
Minimum separate account	$10,000,000

Capital Guardian Trust Co., a subsidiary of The Capital Group, managed $3.073 billion in international equity and $80 million in international fixed-income accounts for U.S. tax-exempt clients as of March 31.

The international equity assets were committed most heavily to Japan, the U.K., West Germany, Australia and Hong Kong.

As of the same date, it had $229 million in global equity, $32 million in global fixed-income and $41 million in global balanced accounts.

The global equity assets were committed most heavily to the U.S., Japan, the U.K., West Germany and Australia.

The firm had $629 million in commingled accounts invested abroad.

Its investment approach is fundamental value-oriented, based on thorough, detailed research supported by direct management contacts. An additional focus is provided by portfolio managers and analysts with country or area economic, political and social overview responsibilities.

The firm uses non-U.S. currency hedging on about 3% of U.S. assets, largely as mandated by client guidelines. Sell forward hedging is used.

All of the international/global U.S. tax-exempt assets are actively managed. It manages $79 million in U.S. markets for non-U.S. based clients.

Analysts or portfolio managers are stationed in Los Angeles, San Francisco, New York, Washington, Geneva, London, Hong Kong, Singapore and Tokyo.

Richard C. Barker, president, is chief executive officer; John H. Seiter, senior vice president, is client contact.

Capital Management International of Deutsche Bank

9 W. 57th St., New York, N.Y. 10019; (212) 832-1630

Total assets managed	$2,352,000,000
Non-U.S. pension assets	$180,000,000
U.S. tax-exempt assets managed	$297,000,000
International	$268,000,000
Global	$29,000,000
U.S. tax-exempt clients	6
Minimum separate account	$10,000,000

Capital Management International of Deutsche Bank, a subsidiary of Deutsche Bank AG, managed $27 million in international equity and $241 million in international fixed-income accounts for U.S. tax-exempt clients as of March 31.

The international equity assets were committed most heavily to Japan, France, West Germany, the U.K. and the Netherlands.

As of the same date, the firm had

$25 million in global fixed-income accounts and $4 million in global balanced accounts.

The firm had $2 million in commingled accounts invested abroad.

The firm's equity approach is top-down with emphasis on country and currency allocation based on economic and political fundamentals. Its fixed-income approach gives equal weight to currency and interest rate considerations.

The firm uses non-U.S. currency hedging for 7.7% of its U.S. tax-exempt assets. Hedging is done through forward contracts, options and futures.

All of the international/global U.S. tax-exempt assets are actively managed. The firm manages $160 million in U.S. markets for non-U.S. based clients.

Analysts or portfolio managers are stationed in Frankfurt.

The firm has been registered with the SEC since 1983.

Rudolf Heinz, managing director and chairman-investment policy committee, is chief executive officer; Michael Tintelnot, managing director-Deutsche Bank Capital Management (U.S.A.) Corp., is client contact.

Pensions & Investment Age will publish the foreign business survey in the July 24 issue.

Capital Research & Management Co.

333 S. Hope St., Los Angeles, Calif. 90071; (213) 486-9200

Total assets managed	$22,157,000,000
U.S. tax-exempt assets	$7,395,000,000
International	$98,000,000
Global	$262,000,000

Capital Research & Management Co., a subsidiary of Capital Group Inc., managed $81 million in international equity, $2 million in international fixed income and the remainder in cash for U.S. tax-exempt clients as of March 31.

The international equity assets were committed most heavily to Japan, the U.K., West Germany, Australia and Hong Kong.

As of the same date, it had $213 million in global equity, $9 million in global fixed income and the remainder in cash.

The global equity assets were committed most heavily to the U.S., West Germany, the U.K., Japan and Australia.

The firm had $360 million in mutual funds invested abroad.

The firm is a mutual fund manager. In equities, it uses a value-oriented, fundamental approach. In fixed income, the approach centers on the relationship between interest rates and inflation. Non-U.S. currency hedging is used.

All international/global U.S. tax-exempt assets are actively managed.

Analysts or portfolio managers are stationed in Los Angeles, San Francisco, New York, London, Geneva, Tokyo, Hong Kong and Singapore.

The firm has been registered with the SEC since 1933.

R. Michael Shanahan, principle executive officer, is chief executive officer; Benjamin H. Shattuck, vice president, is client contact.

Chase Investors Management Corp.

1211 Avenue of the Americas, 37th Floor, New York, N.Y. 10036; (212) 730-3359

Total assets managed	$28,289,000,000
Non-U.S. pension assets	$142,000,000
U.S. tax-exempt assets	$14,700,000,000
International	$1,217,000,000
Global	$10,000,000
U.S. tax-exempt clients	242
Minimum separate account	$10,000,000

Chase Investors Management Corp., a subsidiary of Chase Manhattan Corp., managed $910 million in international equity and $307 million in international fixed-income accounts for U.S. tax-exempt clients as of March 31.

The international equity assets were committed most heavily to Japan, the U.K., the Netherlands, West Germany and Hong Kong.

As of the same date, it had $10 million in global fixed-income accounts.

The firm had $463 million in commingled accounts invested abroad and $776 million in index funds invested abroad.

Chase uses global macroeconomic analysis as the prime determinant of interest rate and currency forecasts. Currency and asset decisions are made independently in active management. Its passive investment style incorporates various international and domestic index products, which can be tailored to specific client needs.

The firm uses non-U.S. currency hedging for up to 5% of assets under management. Primary hedging methods are options and options replication models developed by Chase. Forward exchange contracts also are used.

Of the international/global U.S. institutional tax-exempt assets managed, $451 million is actively managed and $776 is passively managed.

Analysts or portfolio managers are stationed in London.

The firm has been registered with the SEC since 1972.

J. Richard Zecher, president, is chief executive officer; Gail K. Campbell, vice president, is client contact.

Citicorp Investment Management

153 E. 53rd St., 22nd Floor, New York, N.Y. 10043; (212) 559-9353

Total assets managed	$19,430,000,000
U.S. tax-exempt assets	$338,000,000
International	$302,000,000
Global	$36,000,000
U.S. tax-exempt clients	17
Minimum separate account	$10,000,000

Citicorp Investment Management, a subsidiary of Citicorp, managed $299 million in international equity and $3 million in international fixed-income accounts for U.S. tax-exempt clients as of March 31.

The international equity assets were committed most heavily to Japan, the U.K., West Germany, Switzerland and the Netherlands.

As of the same date, it had $16 million in global equity and $20 million in global fixed-income accounts.

The global equity assets were committed most heavily to Japan, the U.S., the U.K., France and West Germany.

The firm had $85 million in commingled accounts invested abroad.

The firm's equity approach is active, based on a combination of a centralized global asset allocation process with security selection completed by local portfolio managers in each of the

BRITISH GAS PLC

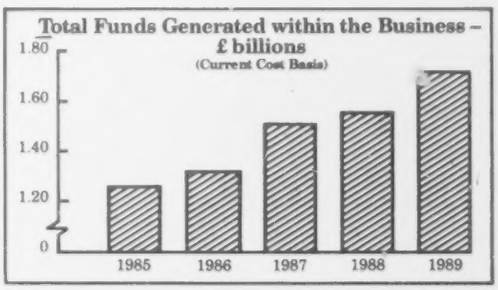
(NYSE: BRG)

Growth Through Financial Strength

Year-End Results (March 31)	1989	1988
Sales (£MM)	7,526	7,364
Profit Before Tax (£MM)	1,333	1,255
Net Profit (£MM)	899	816
Earnings Per Ordinary Share (Pence)	21.2	19.7
Dividend Per Ordinary Share (Pence)	9	8

Exchange Rate ($ to £): 1.5806 as at May 22, 1989

10 ordinary shares equal one American Depositary Share.
Results are on a historic cost accounting basis.



Company Highlights

- Largest Integrated Gas Company in Western World
- AAA S&P Credit Rating
- Market Capitalization as at March 31, 1989: £7,690MM
- Total Assets: £11,433MM
- Shareholders' Equity: £6,949MM
- Gas: Environmentally Preferred Fuel
- Extensive Marketing Organization
- Strong Market Position: Supplied 60% of Domestic Energy Consumed in U.K. in 1988
- Recognized R & D Excellence
- Efficiency and Technological Improvements Helped Reduce Employees by 2,900
- Oil and Gas Acquisitions Worldwide in 1988/89: £468MM

For annual report, fact book, Form-20F, write or call:

Mr. Fredrick J. Fajardo
Gavin Anderson & Company
261 Madison Avenue, New York, N.Y. 10016
(212) 661-8790

British Gas
ENERGY IS OUR BUSINESS

centralized country allocation process and a heavy emphasis on currency and duration management.

All international/global U.S. tax-exempt assets are actively managed.

Analysts or portfolio managers are stationed in London, New York, Tokyo, Sydney, Hong Kong, Zurich, Frankfurt, Vienna and Paris.

The firm has been registered with the SEC since 1972.

Anthony Watson, chief international investment officer, is chief executive officer; John C. Maher is client contact.

County NatWest Investment Management

Fenchurch Exchange, 43/44 Crutched Friars, London EC3N 2NX, U.K.; 01-374-3199 or (212) 440-8661

Total assets managed	$16,767,000,000
Non-U.S. pension assets	$14,727,000,000
U.S. tax-exempt assets	$280,000,000
International	$28,000,000
Global	$252,000,000
U.S. tax-exempt clients	3
Minimum separate account	$15,000,000

County NatWest Investment Management, a subsidiary of National Westminster Bank PLC, managed $28 million in international equity accounts for U.S. tax-exempt clients as of Dec. 31. That money was committed most heavily to Japan, the U.K., Hong Kong, the Netherlands and Australia.

As of the same date, it had $197 million in global equity and $55 million in global balanced accounts.

The global equity assets were committed most heavily to Japan, the U.S., the U.K., the Netherlands and Hong Kong.

The firm's international/global diversification program emphasizes active market allocation implemented through passive stock selection. The process uses the firm's own market-representative index funds. Quantitative techniques are employed to monitor and control risk.

The firm uses forwards, futures, options and dynamic hedging for non-U.S. currency hedging.

Of the international/global U.S. tax-exempt assets managed, $28 million is actively managed and $252 million is managed in an active/passive program. It manages $844 million in U.S. markets for non-U.S. based clients.

Analysts or portfolio managers are stationed in London, Hong Kong, Tokyo, Melbourne and Sydney.

The firm has been registered with the SEC since 1981.

Christine Downton is chief executive officer. Client contacts are Geoffrey Osmint in London and Margaret Waller in New York.

Pensions & Investment Age welcomes letters to the editor.

The editors reserve the right to edit any letter for reasons of space or clarity.

D

Daiwa International Capital Management Corp.

200 Liberty St., New York, N.Y. 10281; (212) 945-0099

Total assets managed	$13,590,000,000
Non-U.S. pension assets	$1,243,000,000
U.S. tax-exempt assets	$482,000,000
International	$482,000,000
U.S. tax-exempt clients	6
Minimum separate account	$5,000,000

Daiwa International Capital Management Corp., a subsidiary of Daiwa International Capital Management Co. Ltd., managed $482 million in international equity accounts for U.S. tax-exempt clients as of March 31.

Assets were committed most heavily to Japan, Singapore/Malaysia, Australia and Hong Kong.

The firm is a research-oriented, active manager, seeking incremental returns from equity investments in the international markets. Stock selection focuses on a company's long-term growth potential and the relative value of its stock price. The firm specializes in the Pacific Basin because of the geographic proximity of its parent company and its cultural understanding of the characteristics of those markets.

The firm uses forwards for non-U.S. currency hedging.

All of the international U.S. tax-exempt assets are actively managed. It manages $238 million in U.S. markets for non-U.S based clients.

Analysts or portfolio managers are stationed in Tokyo, London, New York and Hong Kong.

The firm has been registered with the SEC since 1981.

Yasutaka Kimura is chief executive officer; Jay S. Mancus and John K. Holland are client contacts.

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Dimensional Fund Advisors

1299 Ocean Ave., Suite 650, Santa Monica, Calif. 90401; (213) 395-8005

Total assets managed	$5,600,000,000
Non-U.S. pension assets	$336,000,000
U.S. tax-exempt assets	$5,200,000,000
Global	$885,000,000
U.S. tax-exempt clients	118

Dimensional Fund Advisors Inc. had $885 million in global equity accounts as of March 31. Of this amount, $368 million is invested internationally.

The global equity assets were committed most heavily to the U.S., Japan, the U.K. and the Continent.

The firm had $15 million in commingled accounts and $353 million in index funds invested abroad.

Dimensional provides access to small-company investing in the major international markets. Its international small-capitalization strategy invests in nine countries and more than 200 issues. The global small-cap strategy is formed by a weighting of U.S. and international issues.

All of the firm's global assets are passively managed. It manages $43 million in U.S. markets for non-U.S. based clients.

Analysts or portfolio managers are stationed in Santa Monica and London.

The firm has been registered with the SEC since 1981.

David G. Booth, chairman and chief executive officer, is client contact.

Discount Corp. of New York Advisers

58 Pine St., New York, N.Y. 10005; (212) 248-8989

Total assets managed	$7,773,000,000
U.S. tax-exempt assets	$7,773,000,000
Global	$650,000,000
U.S. tax-exempt clients	21
Minimum separate account	$50,000,000

Discount Corp. of New York Advisers, a subsidiary of Discount Corp. of New York, had $650 million in actively managed, global fixed-income accounts at March 31. The firm had $144 million in mutual funds invested abroad.

The firm takes a conservative, active approach by changing the risk profile of assets under management to reflect its judgment of the probable direction of interest rates. The management style has three major aspects: team management to define broad investment policy, select specific investments and execute transactions; investments made only in securities with high credit quality and immediate liquidity; and active and defensive management of market risk that results in opportunistic position changes, with cash holdings as a neutral position.

The firm uses non-U.S. currency hedging, involving 3% of assets. Hedging is done through futures, options and forwards.

It manages $132 million in U.S. markets for non-U.S. based clients.

Analysts or portfolio managers are stationed in New York.

The firm has been registered with

the SEC since 1978.

Patricia Klink is chief executive officer; Barbara D. Fiorito is client contact.

Fidelity International Investment Advisors Ltd.

111 Devonshire St., Boston, Mass. 02109; (617) 570-6330

Total assets managed	$1,500,000,000
Non-U.S. pension assets	$500,000,000
U.S. tax-exempt assets	$1,000,000,000
International	$800,000,000
Global	$200,000,000
U.S. tax-exempt clients	12
Minimum separate account	$20,000,000

Fidelity International Investment Advisors Ltd., a subsidiary of Fidelity International Ltd., actively managed $800 million in international equity accounts and $200 million in global equity accounts for U.S. tax-exempt clients as of March 31.

The international equity assets were committed most heavily to Japan, the U.K., Hong Kong, Italy and Canada.

Global equity assets were committed to the same countries, plus the United States.

The firm's geographic and asset allocation decisions are made by a policy group at regularly scheduled meetings. Once assets are allocated by country, stock selection is made by investment managers at the local level.

The firm uses non-U.S. currency hedging on 20% of assets. Forward contracts are used. The firm manages $170 million in U.S. markets for non-U.S. based clients.

Analysts or portfolio managers are stationed in Boston, London, Tokyo, Hong Kong, Sydney and Bermuda.

The firm has been registered with the SEC since 1977.

Walter L. Downey is chief executive officer; William B. Fink, senior vice president, is client contact.

The real estate directory will be published Oct. 2.

F

Fiduciary Trust Co. International

2 World Trade Center, New York, N.Y. 10048; (212) 466-4100

Total assets managed	$9,768,000,000
U.S. tax-exempt assets	$6,741,000,000
International	$95,000,000
Global	$410,000,000
U.S. tax-exempt clients	199
Minimum separate account	$10,000,000

Fiduciary Trust Co. International managed $92 million in international equity and $3 million in international fixed-accounts for U.S. tax-exempt clients as of Dec. 31.

The international equity assets were committed most heavily to Japan, the U.K., Europe and the Far East.

As of the same date, it had $410 million in global fixed-income accounts.

The firm had $6 million in commingled accounts and $67 million in mutual funds invested abroad.

The firm's regional equity specialists follow macroeconomic analysis to select stocks that produce concentrated portfolios in both stocks and markets. Active, high-quality, intermediate-maturity global bond portfolios are constructed using separate bond and currency decisions. Country allocations for equity and bonds vary from index weightings.

The firm uses non-U.S. currency hedging, involving 10% of assets. Hedging is done through forwards, foreign exchange and options.

All of the international/global U.S. tax-exempt assets are actively managed. It manages $35 million in U.S. markets for non-U.S. based clients.

Analysts or portfolio managers are stationed in New York, Los Angeles, London and Geneva.

Lawrence S. Huntington is chief executive officer; George J. Mullen Jr. and E. Belinda Roll are client contacts.

First Chicago Investment Advisors

3 First National Plaza, Suite 0288, Chicago, Ill. 60670; (312) 232-4100

Total assets managed	$11,529,000,000
Non-U.S. pension assets	$10,000,000
U.S. tax-exempt assets	$10,965,000,000
International	$2,155,000,000
Global	$778,000,000
U.S. tax-exempt clients	19
Minimum separate account	$10,000,000

First Chicago Investment Advisors managed $971 million in international equity and $1.184 billion in international fixed-income accounts for U.S. tax-exempt clients as of March 31.

The international equity assets were committed most heavily to Japan, the U.K., Canada, the Netherlands and Switzerland.

As of the same date, it had $25 million in global equity, $495 million in global fixed-income and $258 million in global balanced accounts.

The firm had $692 million in commingled accounts invested abroad.

The firm actively manages core international equity and fixed-income portfolios. It uses internally developed valuation models, risk systems and other quantitative techniques in a structured decision process. The equity approach is value-oriented and identifies mispriced markets and securities. Fixed income is treated as a separate asset class, with interest rate and currency forecasts integrated into strategic forecasts.

The firm uses non-U.S. currency hedging, involving 10% of international equity and 25% of international bonds. Hedging is done through forward contracts and currency options.

Of the international/global U.S. tax-exempt assets managed, $2.543 billion is actively managed and $390 million is actively/passively managed. It manages $96 million in U.S. markets for non-U.S. based clients.

Analysts or portfolio managers are stationed in Chicago, London and Tokyo.

Gary P. Brinson is president and chief executive officer; Edward C. Hamill is client contact.

G

GE Investments

P.O. Box 7900, 3003 Summer St., Stamford, Conn. 06904; (203) 326-2300

Total assets managed	$31,300,000,000
U.S. tax-exempt assets	$23,453,000,000
International	$2,174,000,000
U.S. tax-exempt clients	21
Minimum separate account	$10,000,000

GE Investments, a subsidiary of GE Co., managed $1.679 billion in international equity and $495 million in international fixed-income accounts for U.S. tax-exempt clients as of March 31.

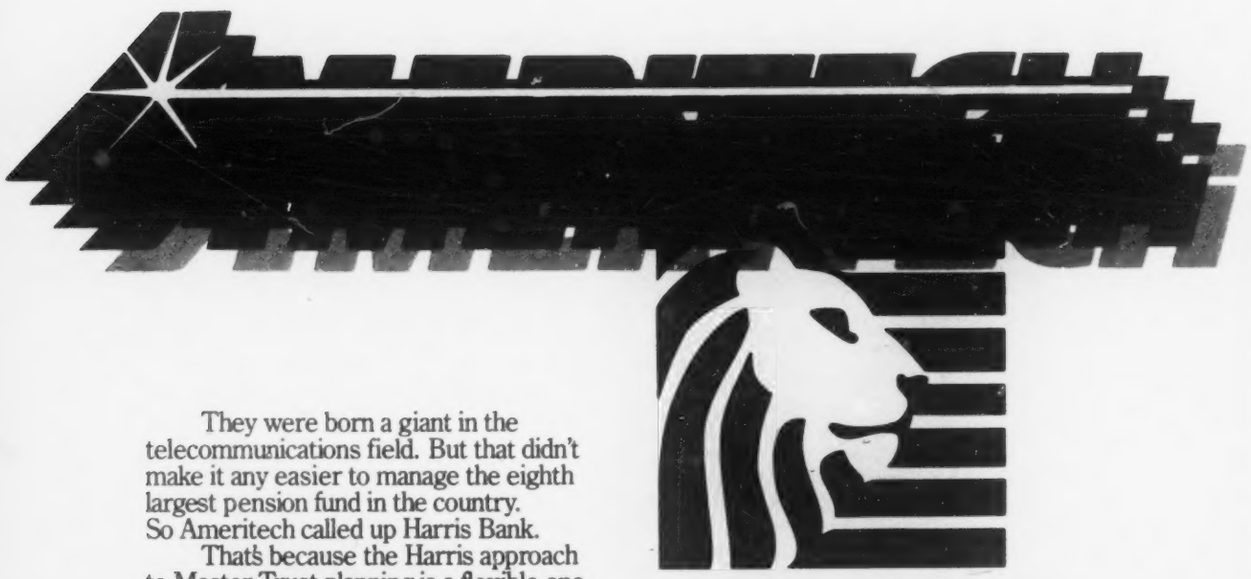
The international equity assets were committed most heavily to Japan, the U.K., France, Spain and West Germany.

The firm focuses on undervalued growth companies over a long-term horizon using a top-down/bottom-up approach for country, sector and stock selection (emphasizing on-site visits). Resources include a proprietary global information capture system; an in-house currency management operation; and GE's corporate perspective on global businesses.

The firm uses non-U.S. currency hedging for 0.5% of assets managed, using forward contracts.

Of the international U.S. tax-exempt assets managed, $1.274 billion is actively managed; $726 million is passively managed; and $174 million is managed in an active/passive product.

When Ameritech needed a Master Trust who did they dial for information?



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Analysts or portfolio managers are stationed in Stamford, Conn., Los Angeles and London.

The firm has been registered with the SEC since 1988.

Dale F. Frey, chairman of the board and president, is chief executive officer; Geoffery R. Norman is client contact.

Globe Finlay Inc.

200 Park Ave., New York, N.Y. 10166; (212) 557-7022

Total assets managed	$750,000,000
Non-U.S. pension assets	$60,000,000
U.S. tax-exempt assets managed	$430,000,000
International	$203,000,000
Global	$127,000,000
U.S. tax-exempt clients	11
Minimum separate account	$20,000,000

Globe Finlay Inc., a subsidiary of Globe Investment Trust PLC, managed $203 million in active international equity accounts for U.S. tax-exempt clients as of March 31.

The international equity assets were committed most heavily to Japan, the Netherlands, Hong Kong, West Germany, the U.K. and France.

As of the same date, it had $121 million in active global equity and $6 million in active global balanced accounts.

The global equity assets were committed most heavily to Japan, the U.S., the U.K., Denmark and France.

The firm had $96 million in commingled accounts invested abroad.

The firm emphasizes reasonably priced, quality earnings growth. Bonds and cash are actively used when appropriate. Global and international accounts are invested in approximately 50 holdings, diversified between six to 10 markets. Institutional account types under management include global, international, U.S.-only, Europe-only, Japan-only and Pacific-only mandates.

It manages $134 million in U.S. markets for non-U.S. based clients.

Analysts or portfolio managers are stationed in New York, Tokyo, London and Geneva.

The firm has been registered with the SEC since 1982.

Frances Finlay, chairman and chief investment officer, is chief executive officer; Maureen White and Frances Dakers are client contacts.

Grantham, Mayo, Van Otterloo & Co. International

40 Rowes Wharf, Boston, Mass. 02110; (617) 330-7523

Total assets managed	$2,111,000,000
U.S. tax-exempt assets	$2,111,000,000
International	$2,036,000,000
Global	$75,000,000
U.S. tax-exempt clients	45
Minimum separate account	$50,000,000

Grantham, Mayo, Van Otterloo & Co. International managed $2.036 billion in international equity accounts for U.S. tax-exempt clients as of March 31. Those assets were committed most heavily to the U.K., the Netherlands, West Germany, France and Australia.

As of the same date, it had $75 million in global equity accounts, committed most heavily to the U.S., the U.K., the Netherlands, West Germany and France.

The firm had $1.588 billion in commingled accounts invested abroad and $134 million in mutual funds invested abroad.

The firm's investment policy is based on a value approach, believing there is a strong relationship between value and return, which applies whether value is defined by price-earnings ratios, yield, price-to-book ratios or present value. The firm seeks to uncover value in both stocks and markets by combining highly quantitative computer analysis with qualitative judgment.

The firm occasionally uses non-U.S. currency hedging up to 50% of its assets under management. Currency forwards are applied.

Of the international/global U.S. tax-exempt assets managed, $1.907 billion is actively managed and $204 million is quantitatively managed.

Analysts or portfolio managers are stationed in Boston and London.

The firm has been registered with the SEC since 1977.

Eyk Van Otterloo, partner, is chief executive officer; he and Susan Randall Harvey are client contacts.

G.T. Capital Management

50 California St., 27th Floor, San Francisco, Calif. 94111-4624; (415) 392-6181

Total assets managed	$1,255,000,000
Non-U.S. pension assets	$59,000,000
U.S. tax-exempt assets	$394,000,000
International	$388,000,000
Global	$6,000,000
U.S. tax-exempt clients	5
Minimum separate account	$10,000,000

G.T. Capital Management Inc., a subsidiary of G.T. Management PLC, managed $388 million in active international equity accounts for U.S. tax-exempt clients as of March 31. The

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Dennis E. Larkin
Vice President
(303) 293-5588

Equity ■ Balanced ■ Fixed Portfolios

assets were committed most heavily to Japan, France, Singapore, the U.K. and West Germany.

As of the same date, it had $1 million in active global equity and $5 million in global fixed-income accounts.

The global equity assets were committed most heavily to Japan, the U.S., West Germany, the U.K. and France.

The firm had $6 million in commingled accounts invested abroad and $16 million in mutual funds invested abroad.

The firm's equity approach emphasizes early identification of major international trends, targeting appropriate countries and companies through which to exploit such trends. It seeks growth companies with undiscounted earnings acceleration. Its fixed-income approach focuses on currency management, emphasizing flexible maturity rates.

The firm uses non-U.S. currency hedging for 30% of assets. Hedging is done through forward contracts.

It manages $575 million in U.S. markets for non-U.S. based clients.

Analysts or portfolio managers are stationed in Hong Kong, London, Sydney, Tokyo and San Francisco.

The firm has been registered with the SEC since 1974.

Christian Wignall is senior vice president-international and chief investment officer. Mary Lou Bernhoft, vice president-marketing and client service, is client contact.

H

Hill Samuel/Investment Advisers Ltd.

1100 Dain Tower, P.O. Box 357, Minneapolis, Minn. 55440; (612) 371-7638

Total assets managed	$403,000,000
U.S. tax-exempt assets	$403,000,000
International	$389,000,000
Global	14,000,000
U.S. tax-exempt clients	12
Minimum separate account	$10,000,000

Hill Samuel Investment Advisers Ltd. managed $389 million in international equity accounts for U.S. tax-exempt clients as of March 31. Those assets were committed most heavily to the U.K., Japan, Australia, West Germany and the Netherlands.

As of the same date, it had $14 million in actively managed, global fixed-income accounts.

It has $3 million in commingled accounts invested abroad and $18 million in mutual funds invested abroad. All U.S. tax-exempt assets are actively managed.

The firm uses a disciplined approach

Top 50 managers ranked by global account assets

	U.S. $ mils.
Templeton Int'l	2,249
Batterymarch Financial	1,161
TCW Global	1,012
WorldInvest	922
PCM Int'l	903
Dimensional Fund	885
First Chicago	778
Warburg Investment	708
Discount Corp./N.Y.	650
State Street Bank	431
Fiduciary Trust Co.*	410
Kemper-Murray Johnstone	398
Rowe Price-Fleming	306
Capital Guardian	302
Capital Research & Mgmt.	262
County NatWest*	252
Phillippe Investment	211
Fidelity Int'l	200
Mercator Asset*	200
Posthorn Global	193
J.P. Morgan	184
N.M. Rothschild Int'l	144
Bankers Trust	141
Morgan Grenfell	141
Globe Finlay	127
IDS Int'l	112
Nikko Capital	104
Schroder Capital	100
Scudder, Stevens & Clark	93
Grantham, Mayo, Van Otterloo	75
Julius Baer	51
Citicorp Investment	36
Capital Mgmt. Int'l	29
Boston Int'l	28
Wellington Mgmt.	19
Alliance Capital	18
Hill Samuel/Investment	14
SBC Portfolio	14
Nomura Capital	12
Chase Investors	10
G.T. Capital	6
ANB Investment	0
Baring Int'l	0
Arnhold & S. Bleichroeder	0
Brown Brothers Harriman*	0
Daiwa Int'l	0
GE Investments	0
Mellon-Pictet Int'l	0
Oechsle Int'l	0
Wells Fargo	0
TOTAL	13,891

* as of Dec. 31, 1988
Rankings are based on U.S. institutional, discretionary, tax-exempt assets

Once again, we're the number one bank in mortgage placements for America's real estate industry.

Chase has long been recognized as a leader in serving the needs of the real estate industry.

And in the most recent survey by *Corporate Financing Week*, Chase was ranked as the number one commercial bank in total volume of mortgage-backed private placements arranged during 1988.

It's not surprising that our success stems as much from our creative solutions and unique financing capabilities as it does from our long-standing client relationships.

Chase identifies innovative financing opportunities that extend beyond the traditional framework of real estate finance. By calling on its unparalleled worldwide distribution system of major financial institutions, Chase can structure and execute financing such as the representative samples above; transactions that deliver the most timely, cost effective terms available.

Our number one ranking should come as no surprise.

It's a position we have held since 1986.

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CHASE

to value investing in inflation adjusted (real) terms and a consistent appraisal applied to all countries, equity securities and currencies. Longer term assessments of countries and securities discount income streams to present value. Shorter term assessments encompass political, economic, and monetary policies.

The firm uses non-U.S. currency hedging, involving 24% of assets. Forward contracts are used.

Analysts or portfolio managers are based in London.

The firm has been registered with the SEC since 1982.

David Tilles is chief investment officer; I.P. (Kip) Knelman and Anne F. Holloran are client contacts.

I

IDS International Inc.

IDS Tower 10, Minneapolis, Minn. 55440; (612) 372-3335

Total assets managed	$1,184,000,000
Non-U.S. pension assets	$286,000,000
U.S. tax-exempt assets	$624,000,000
International	$512,000,000
Global	$112,000,000
U.S. tax-exempt clients	20
Minimum separate account	$15,000,000

IDS International Inc., a subsidiary of IDS Financial Corp., a subsidiary of American Express Co., managed $512 million in international equity accounts for U.S. tax-exempt clients as of March 31. Those assets were committed most heavily to Japan, France, West Germany, the U.K. and Switzerland.

As of the same date, it had $112 million in global equity accounts, committed most heavily to Japan, the U.S., the U.K., West Germany and France.

The firm had $72 million in commingled accounts invested abroad and $275 million in mutual funds invested abroad.

The firm takes a top-down, bottom-up approach to international investing. Based upon a macroeconomic, geopolitical overview, assets are allocated among stocks, bonds, and cash; currency views are taken; and countries are distributed into economic categories and weighted. Using this approach, the firm provides active investment management of portfolios of international and global equities, selecting stocks through fundamental analysis. Passive equity management selects stocks through optimization designed to simulate a specified benchmark.

The firm uses non-U.S. currency hedging.

Of the international/global U.S. tax-exempt assets managed, $595 million are actively managed and $29 million is managed in an active/passive program. It manages $22 million in U.S. markets for non-U.S. based clients.

Analysts or portfolio managers are stationed in London and Minneapolis.

The firm has been registered with the SEC since 1981.

Peter L. Lamaison, president, is chief investment officer; Robert W. Edgar, Gabrielle F. Shear and Diane K. Vener are client contacts.

K

Kemper-Murray Johnstone International Inc.

120 S. LaSalle St., Chicago, Ill. 60603; (312) 845-1934

Total assets managed	$734,000,000
U.S. tax-exempt assets	$550,000,000
International	$152,000,000
Global	$398,000,000
U.S. tax-exempt clients	25
Minimum separate account	$5,000,000

Kemper-Murray Johnstone International Inc., a joint venture between Kemper Financial Services and Murray Johnstone Ltd., managed $152 million in international equity accounts for U.S. tax-exempt clients as of March 31.

Those assets were committed most heavily to Japan, the U.K., West Germany, the Netherlands and Canada.

As of the same date, it had $398 million in global fixed-income accounts.

The firm is an active manager, with regard to market, security and currency selection. Macroeconomic evaluation leads to country allocation, and then within markets, securities are chosen using a bottom-up, long-term, value-oriented approach. The firm employs both fundamental and technical forecasts in its currency management.

The firm practices non-U.S. currency hedging, using forwards and options.

All assets are actively managed.

Analysts or portfolio managers are stationed in Chicago, London and Glasgow.

The firm has been registered with the SEC since 1980.

Raymond Johnstone, chairman, is chief executive officer; Sue Mullin is client contact.

M

Mellon-Pictet International Management Ltd.

Cutlers Gardens, 5 Devonshire Square, London EC2M 4LD, U.K.; 01-283-7471

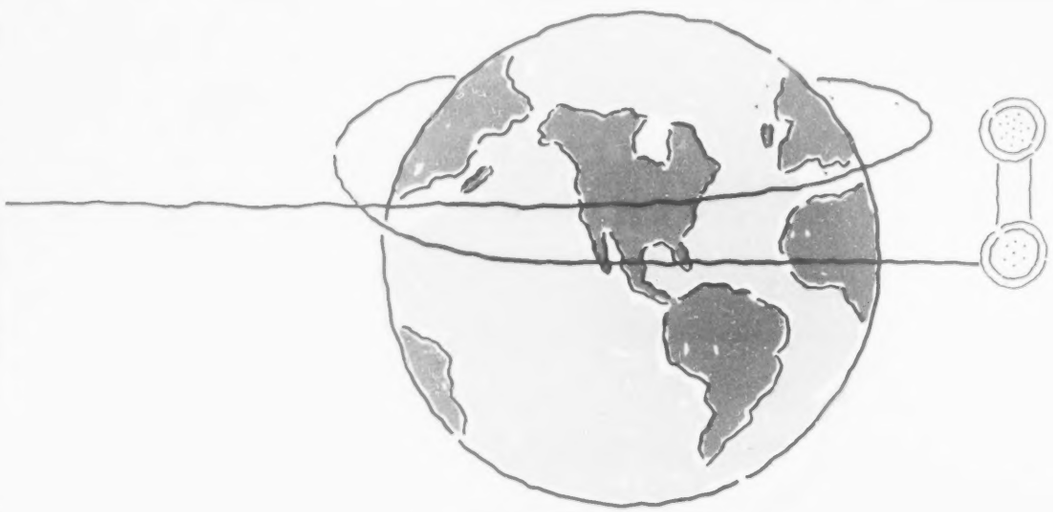
Total assets managed	$710,000,000

Top 50 managers ranked by international account assets

	U.S. $ mils.
State Street Bank	5,153
Capital Guardian	3,153
Baring Int'l	2,383
J.P. Morgan	2,265
Morgan Grenfell	2,263
GE Investments	2,174
First Chicago	2,155
Grantham, Mayo	2,036
Wells Fargo	1,954
Rowe Price-Fleming	1,809
Schroder Capital	1,800
Nomura Capital	1,517
Batterymarch Financial	1,391
Chase Investors	1,217
Oechsle Int'l	1,084
N.M. Rothschild Int'l	827
Warburg Investment	825
Fidelity Int'l	800
Boston Int'l	798
Alliance Capital	786
Bankers Trust	781
WorldInvest	726
Scudder, Stevens & Clark	698
Mellon-Pictet Int'l	580
Julius Baer	572
Brown Brothers Harriman*	515
Posthorn Global	515
IDS Int'l	512
Mercator Asset*	500
Daiwa Int'l	482
Arnhold & S. Bleichroeder	480
Hill Samuel/Investment	389
G.T. Capital	388
Wellington Mgmt.	330
SBC Portfolio	328
PCM Int'l	314
Citicorp Investment	302
Nikko Capital	276
ANB Investment	275
Capital Mgmt. Int'l	268
Globe Finlay	203
Phillippe Investment	175
Kemper-Murray Johnstone	152
Capital Research & Mgmt.	98
Fiduciary Trust*	95
County NatWest*	28
Templeton Int'l	0
TCW Global	0
Discount Corp./N.Y.	0
Dimensional Fund	0
TOTAL	**46,372**

* as of Dec. 31, 1988

Rankings are based on U.S., institutional, discretionary, tax-exempt assets managed



WE'VE SEARCHED THE WORLD FOR SUPERIOR INVESTMENT OPPORTUNITIES. YOU JUST HAVE TO LOOK AS FAR AS YOUR PHONE.

Boatmen's Trust launched its international equity fund in 1981 with the idea that diversifying beyond the U.S. market could lead to higher returns with lower risks.

We were right.

The risks are lower because major international markets such as Japan, Germany, the United Kingdom and Australia tend to move independently of the U.S. market and of each other. By investing in a broader spectrum of companies and industries in these markets, you can reduce the overall risk of your portfolio.

And it pays off. In fact, for more than ten years, the international markets as measured by the Europe, Australia and Far East (EAFE) Index have greatly outperformed the U.S. market.

So why not go where the best opportunities for higher returns are?

Morgan Grenfell Investment Services of London supplies the international expertise. Boatmen's Trust provides close communication as we manage the fund.

If the potential for increased returns without increased risk seems too good to be true, pick up your phone. Four minutes with our marketing director, Dick Hibbs, will change your mind.

A Cumulative Dollar Return From $100 Invested On June 10, 1981, The Inception Date Of Boatmen's International Fund:

Boatmen's International Fund returned $402	$ $ $ $ $402
S & P 500 returned $289	$ $ $ $289

(period ending 12-31-88)

CALL 314-436-9522 COLLECT. AND COLLECT.

BOATMEN'S TRUST COMPANY

510 Locust Street
St. Louis, MO 63101

Non-U.S. pension assets	$59,000,000
U.S. tax-exempt assets	$580,000,000
International	$580,000,000
U.S. tax-exempt clients	15

Mellon-Pictet International Management Ltd., a subsidiary of Mellon Bank and Pictet and Cie, actively managed $580 million in international equity accounts for U.S. tax-exempt clients as of March 31. Assets were committed most heavily to Japan, the Netherlands, the U.K., Hong Kong and Spain.

The firm had $26 million in commingled accounts invested abroad.

The firm provides active management through a systematic, disciplined technique, linking share value to fundamentals (earnings, dividends, book value) within a precisely defined universe. The firm maintains a disciplined control of risk.

The firm does non-U.S. currency hedging, involving the use of forward exchange contracts.

It manages $2 million in U.S. markets for non-U.S. based clients.

Analysts or portfolio managers are stationed in London, Geneva and Tokyo.

The firm has been registered with the SEC since 1980.

Dan Blanks is chief executive officer; Steven Albrecht is client contact in Boston at (508) 238-1529.

Mercator Asset Management

2400 E. Commercial Blvd., Fort Lauderdale, Fla. 33308; (305) 771-9660

Total assets managed	$800,000,000
U.S. tax-exempt assets managed	$700,000,000
International	$500,000,000
Global	$200,000,000
Minimum separate account	$10,000,000

Mercator Asset Management, a subsidiary of The Prudential Insurance Co. of America, managed $500 million in international equity accounts for U.S. tax-exempt clients as of Dec. 31.

As of the same date, it had $200 million in global equity accounts.

The firm takes a value approach, focusing on low p/e stocks.

Michael Williams is client contact.

J.P. Morgan Investment Management Inc.

83 Pall Mall, London SW1Y 5ES, U.K.; 01-930-9444

Total assets managed	$11,073,000,000
Non-U.S. pension assets	$412,000,000
U.S. tax-exempt assets	$2,449,000,000
International	$2,265,000,000
Global	$184,000,000
U.S. tax-exempt clients	34

J.P. Morgan Investment Management Inc., a subsidiary of J.P. Morgan & Co. Inc., managed $1.583 billion in international equity and $682 million in international fixed-income accounts for U.S. tax-exempt clients March 31.

The international equity assets were committed most heavily to Japan, the U.K., West Germany, France and Switzerland.

As of the same date, it had $29 million in global equity and $155 million in global fixed-income accounts.

The global equity assets were committed most heavily to Japan, the U.S., Switzerland, the U.K. and France.

The firm had $684 million in commingled accounts invested abroad.

The firm actively manages asset mix, country, currency exposure and individual security selection to maximize total return and minimize risk in U.S. dollars through a well-defined decision-making process, tailoring strategies to meet client objectives.

The firm uses non-U.S. currency hedging for 27% of assets. Hedging is done through currency hedging, limited use of futures and options limited to warrants.

All international/global U.S. tax-exempt assets are actively managed. It manages $4.209 billion in U.S. markets for non-U.S. based clients.

Analysts or portfolio managers are stationed in New York, London, Singapore, Tokyo and Melbourne.

The firm has been registered with the SEC since 1984.

C. Nicholas Potter, president, is chief executive officer; John E. Baumann, vice president, is client contact in New York at (212) 837-1423.

Morgan Grenfell Investment Services Ltd.

46 New Broad St., London EC2M 1NB, U.K.; 01-256-7500

Total assets managed	$2,600,000,000
Non-U.S. pension assets	$103,000,000
U.S. tax-exempt assets	$2,404,000,000
International	$2,263,000,000
Global	$141,000,000
U.S. tax-exempt clients	41
Minimum separate account	$15,000,000

Morgan Grenfell Investment Services Ltd., a subsidiary of Morgan Grenfell Asset Management Ltd., managed $2.127 billion in international equity, $39 million in international fixed-income and $97 million in international balanced accounts for U.S. tax-exempt clients as of March 31.

The international equity assets were committed most heavily to Japan, West Germany, the U.K., the Netherlands and France.

As of the same date, it had $16 million in global equity accounts and $125 million in global fixed-income accounts. The global equity assets were committed most heavily to the U.S., Japan, West Germany, the U.K. and the Netherlands.

The firm had $114 million in commingled accounts invested abroad.

The firm's global equity approach is active. Equal emphasis is placed on the market decision and stock selection. No investments are made without considering the currency impact. Its fixed-income approach is based on the active management of currencies, bond markets and maturities. Separation of currency and bond market exposure decision through currency hedging is employed. The firm exercises systematic control of risk.

All assets are actively managed. The firm manages $26 million in U.S. markets for non-U.S. clients.

It has been registered with the SEC since 1977.

Michael Bullock, chairman, is chief executive officer; James E. Minnick, executive vice president of Morgan Grenfell Capital Management is client contact in New York at (212) 230-2600.

The Book of Lists will be published in the Dec. 25 issue of *Pensions & Investment Age*.

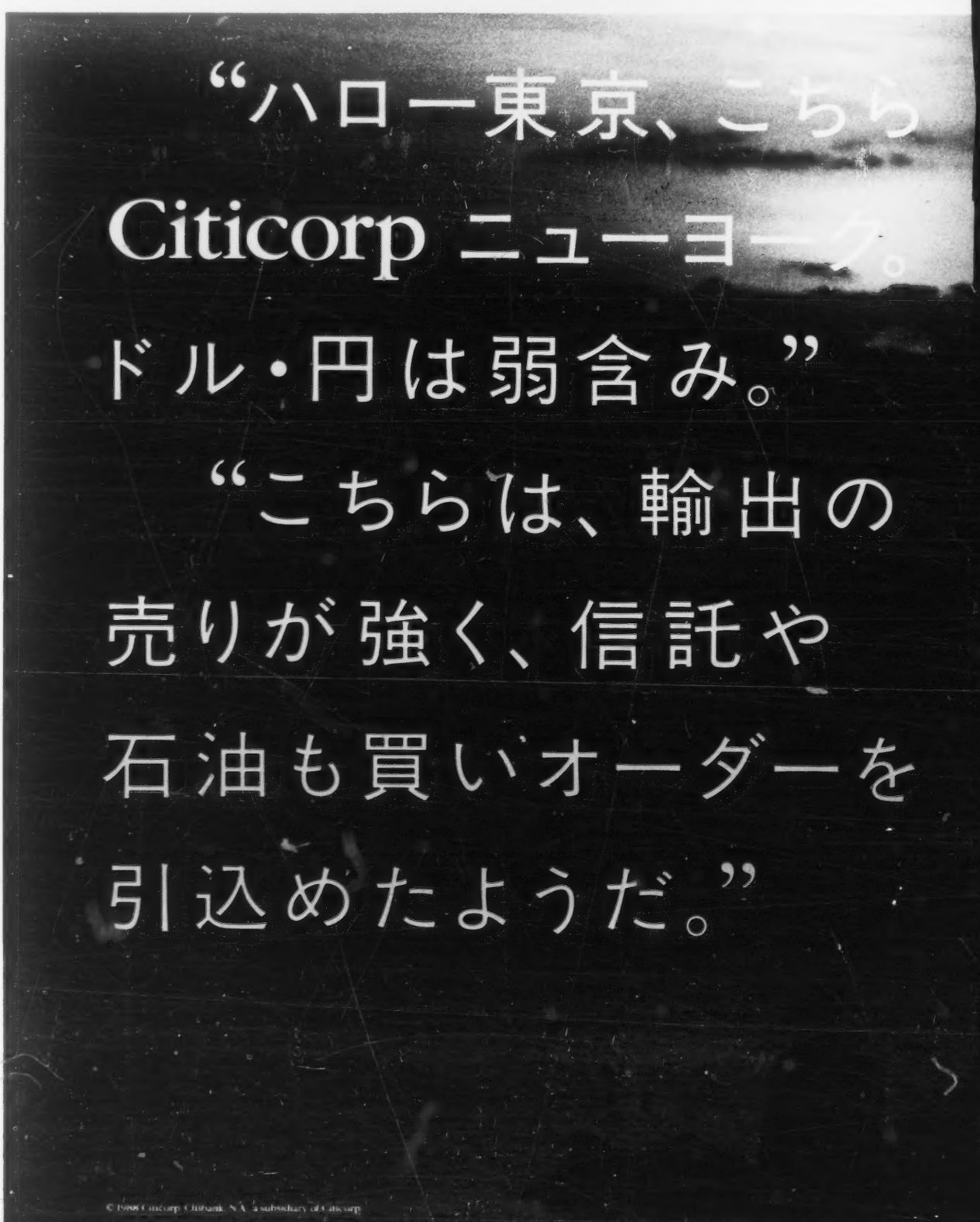
N

Nikko Capital Management (U.S.A.) Inc.

350 Park Ave., New York, N.Y. 10022; (212) 319-2730

Total assets managed	$1,631,000,000
U.S. tax-exempt assets managed	$380,000,000
International	$276,000,000
Global	$104,000,000
U.S. tax-exempt clients	8
Minimum separate account	$5,000,000

Nikko Capital Management (U.S.A.) Inc., a subsidiary of Nikko International Capital Management Co. Ltd., managed $276 million in international eq-



uity accounts and $104 million in global equity accounts for U.S. tax-exempt clients as of March 31.

The international equity assets were committed most heavily to Japan, the U.K., West Germany, France and Switzerland.

The global equity assets were committed most heavily to Japan, the U.K., the U.S., France and West Germany.

The firm's main investment objective is to achieve superior and consistent investment performance without excessive risk. The firm offers active, passive and other quantitative strategies for global, international and Pacific Basin portfolios. Specialized products include a Japan and Pacific Basin index and an EAFE tilt strategy. The firm also offers global fixed-income portfolio management.

The firm uses forward foreign exchange contracts and options for non-U.S. currency hedging.

Of the international U.S. tax-exempt assets under management, $137 million is actively managed, $133 million is passively managed and $110 million is managed in an active/passive product. It manages $363 million in U.S. markets for non-U.S. based clients.

Analysts or portfolio managers are stationed in New York, Tokyo, London and Singapore.

The firm has been registered with the SEC since 1981.

Kojiro Murase is chief executive officer; David Rochman is client contact.

Social investing will be explored in the Nov. 27 issue of *Pensions & Investment Age*.

Nomura Capital Management

180 Maiden Lane, New York, N.Y. 10038; (212) 509-8181

Total assets managed	$2,457,000,000
U.S. tax-exempt assets	$1,529,000,000
International	$1,517,000,000
Global	$12,000,000
U.S. tax-exempt clients	18
Minimum separate account	$5,000,000

Nomura Capital Management Inc., a subsidiary of Nomura Investment Management Co. Ltd., managed $1.477 billion in international equity and $40 million in international balanced accounts for U.S. tax-exempt clients as of March 31.

The international equity assets were committed most heavily to Japan, the U.K., France, West Germany and Australia.

As of the same date, it had $12 million in global equity accounts, committed most heavily to the U.S., Japan, the U.K., West Germany and France.

The firm offers global capability with regional strength, concentrating on high return sectors and stocks screened through original, fundamental research and relative valuation. The emphasis is on sector and stock selection with less emphasis on timing markets and currencies. A number of quantitative tools are used in the disciplined process.

The firm uses currency forwards and futures for non-U.S. currency hedging.

All of the international/global U.S. tax-exempt assets are actively managed.

Analysts or portfolio managers are stationed in New York, London and Tokyo. Nomura Research Institute has offices in New York, Tokyo, Kamakura, Osaka, London, Singapore, Hong Kong and Washington.

The firm has been registered with the SEC since 1976.

Takeo Nakamura, president, is chief executive officer; Brian X. Fitzgibbon, senior vice president, and Robert S. Preston III, assistant vice president, are client contacts.

O

Oechsle International Advisors

1 International Place, 44th Floor, Boston, Mass. 02110; (617) 330-8810

Total assets managed	$1,100,000,000
Non-U.S. pension assets	$8,000,000
U.S. tax-exempt assets	$1,084,000,000
International	$1,084,000,000
U.S. tax-exempt clients	35
Minimum separate account	$20,000,000

Oechsle International Advisors managed $1.084 billion in international equity accounts for U.S. tax-exempt clients as of March 31.

The assets were committed most heavily to Japan, the U.K., Canada, Singapore and France.

The firm had $5 million in commingled accounts invested abroad.

The firm believes inefficiencies within and between international equity markets provide opportunities for incremental returns. It focuses on an investment horizon of one to two years.

The firm uses forward currency contracts for non-U.S. currency hedging.

All international equity U.S. tax-exempt assets are actively managed.

Analysts or portfolio managers are stationed in Boston, London and Tokyo.

The firm has been registered with the SEC since 1986.

Walter Oechsle, managing general partner, is chief executive officer; Stephen P. Langer, general partner, is client contact.

P

PCM International

745 Broad St., 2 Plaza, Newark, N.J. 07101; (201) 802-4559

Total assets managed	$4,511,000,000
Non-U.S. pension assets	$39,000,000
U.S. tax-exempt assets	$1,217,000,000
International	$314,000,000
Global	$903,000,000
U.S. tax-exempt clients	14
Minimum separate account	$10,000,000

PCM International, an investment affiliate of The Prudential Investment Corp., managed $196 million in international equity and $118 million in international fixed-income accounts for U.S. tax-exempt clients as of March 31.

The international equity assets were committed most heavily to Japan, the U.K., West Germany, France and Italy.

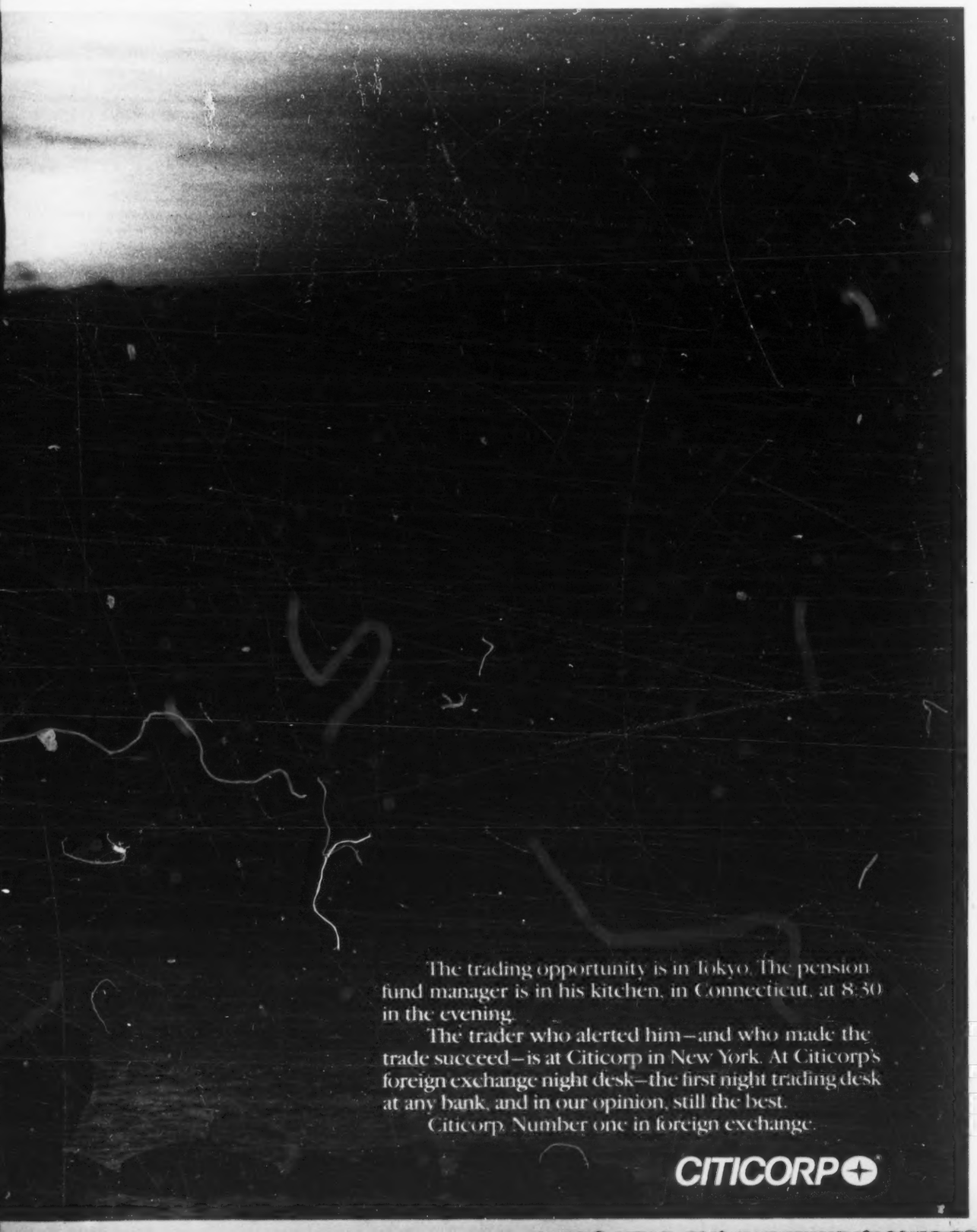
As of the same date, it had $903 million in global fixed-income accounts.

The firm had $694 million in commingled accounts invested abroad.

Its equity approach emphasizes global stock selection using prospective fundamental analysis. Currency hedging and market defensive timing are provided by technical overlay. The fixed-income approach is based on active currency and maturity management, using fundamental/technical combined discipline. Only government-quality securities are used.

The firm uses non-U.S. currency hedging through forward contracts and options.

Of the international/global U.S. tax-exempt assets, $1.193 billion is actively managed; $24 million is managed by an active/passive process. It manages $10 million in U.S. markets


The trading opportunity is in Tokyo. The pension fund manager is in his kitchen, in Connecticut, at 8:30 in the evening.
The trader who alerted him—and who made the trade succeed—is at Citicorp in New York. At Citicorp's foreign exchange night desk—the first night trading desk at any bank, and in our opinion, still the best.
Citicorp. Number one in foreign exchange.
CITICORP

Managers ranking 51-100

	U.S. $ mils.
51. Investment Index Tech.	261
52. Martin Currie	258
53. Beutel, Goodman	255
54. INVESCO MIM	254
55. Lombard Odier	248
56. Aetna Capital	227
57. Roll and Ross	225
58. Boston Co.	224
59. Travelers Cos.	221
60. Dunedin Fund	218
61. Lexington Mgmt.	210
62. Marsh/Cunningham	207
63. Walter Scott	200
64. Putnam Cos.	198
65. Kleinwort Benson	195
66. Burgess Capital	175
67. Massachusetts Financial	175
68. CIGNA Asset	173
69. Parametric Portfolio	159
70. Boatmen's Trust	152
71. Marvin & Palmer	150
72. Ivory & Sime	130
73. Lazard Freres	128
74. Van Eck Associates	125
75. Seaboard Investment	100
76. HD Int'l	96
77. Western Reserve	83
78. Credit Suisse	80
79. Emerging Markets	78
80. Wardley Investment	73
81. Brandes Investment	70
82. Fidelity Mgmt. Trust	70
83. Miller, Anderson	68
84. Smith Barney Global	66
85. Prudential Asia	63
86. AIG Global	60
87. GIM Global	57
88. Matuschka Moser	56
89. Morgan Stanley Asset	51
90. Interinvest	50
91. Equitable Capital*	41
92. Provident Capital	40
93. Principal	31
94. Harris Trust	26
95. Baillie Gifford	14
96. Union Bank	11
97. Pacific Financial	8
98. Edinburgh-Wilmington Int'l	5
99. Confederation Life	4
100. UBS Phillips & Drew	4
TOTAL	**6,073**

* as of Dec. 31, 1988

Ranking is based on U.S., institutional, discretionary, tax-exempt assets managed

for non-U.S. based clients.

Analysts or portfolio managers are stationed in Newark, N.J.

The firm has been registered with the SEC since 1984.

Barry M. Gillman is managing director and chief executive officer; J. Eric Nelson is client contact.

Philippe Investment Management Inc.

122 E. 42nd St., New York, N.Y. 10168; (212) 687-3290

Total assets managed	$868,000,000
Non-U.S. pension assets	$25,000,000
U.S. tax-exempt assets managed	$486,000,000
International	$175,000,000
Global	$211,000,000
U.S. tax-exempt clients	4
Minimum separate account	$25,000,000

Philippe Investment Management Inc. managed $175 million in international equity and $211 million in global equity accounts for U.S. tax-exempt clients as of March 31.

The international equity assets were committed most heavily to Japan, the U.K., France, Canada and the Netherlands.

The global equity assets were committed most heavily to Japan, the U.K., the United States, France and West Germany.

The firm's investment style incorporates both top-down and bottom-up methodologies. Equal weight is placed on country sector and stock decisions. Portfolios are diversified with approximately 100 securities and moderate use is made of cash equivalents. Generally, one-third of the portfolio is in smaller capitalization issues; 30% to 40% of holdings are not in the representative index.

All international/global U.S. tax-exempt assets are actively managed. The firm manages $5 million in U.S. markets for non-U.S. based clients.

Analysts or portfolio managers are stationed in New York, Paris and Luxembourg.

The firm has been registered with the SEC since 1982.

Beatrice Philippe, managing director, is chief executive officer; Claudette Mayer, director of marketing, is client contact.

Posthorn Global Asset Management

2 Broadgate, 7th Floor, London EC2M 7HA U.K.; 01-601-0021

Total assets managed	$1,799,000,000
Non-U.S. pension assets	$72,000,000
U.S. tax-exempt assets managed	$708,000,000
International	$515,000,000
Global	$193,000,000
U.S. tax-exempt clients	14
Minimum separate account	$15,000,000

Posthorn Global Asset Management, a subsidiary of Shearson Lehman Hutton Inc., managed $421 million in international equity and $94 million in international fixed-income accounts for U.S. tax-exempt clients as of March 31.

The international equity assets were committed most heavily to Japan, U.K., France, Canada and Singapore.

As of the same date, it had $45 million in global equity and $148 million in global fixed-income accounts.

The global equity assets were committed most heavily to the U.S., Japan, the U.K., France and West Germany.

The firm had $174 million in commingled accounts invested abroad and $23 million in index funds invested abroad.

The firm employs a bottom-up stock selection process for active equity management. Stocks are screened using industrial, economic and demographic themes. For global bond management, Posthorn identifies up to five plausible economic and political scenarios that would set global interest and currency rates. The firm assigns probabilities to these scenarios and forecasts interest and exchange rates associated with each.

The firm uses non-U.S. currency hedging, involving 0.5% of U.S. tax-exempt assets managed, through the use of forward foreign exchange.

Of the international/global assets under management, $510 million is actively managed, $23 million is passively managed and $174 million is managed in an active/passive program. The firm manages $825 million in U.S. markets for non-U.S. based clients.

Analysts or portfolio managers are stationed in London and Brussels.

The firm has been registered with the SEC since 1984.

Herschel Post, president, is chief executive officer.

R

N.M. Rothschild International Asset Management

Five Arrows House, St. Swithins Lane, London EC4P 4DV; 01-280-5000

Total assets managed	$2,080,000,000
Non-U.S. pension assets	$626,000,000
U.S. tax-exempt assets managed	$971,900,000
International	$827,000,000
Global	$144,000,000
U.S. tax-exempt clients	10
Minimum separate account	$10,000,000

N.M. Rothschild International Asset Management, a subsidiary of N.M. Rothschild Asset Management Ltd., managed $71 million in international equity and $756 million in international fixed-income accounts for U.S. tax-exempt clients as of March 31.

The international equity assets were committed most heavily to Japan, West Germany, France, the Netherlands and the U.K.

As of the same date, it had $27 million in global equity and $117 million in global fixed-income accounts.

The global equity assets were committed most heavily to the U.S., Japan, the U.K., West Germany and Switzerland.

The firm is an active, top-down asset allocator. Through a process of fundamental economic analysis, assets are concentrated in those markets expected to outperform. Currency allocation is decided separately and currency hedging is used extensively.

The firm uses non-U.S. currency hedging for 42.5% of U.S. tax-exempt assets managed, using forwards and options.

All international/global U.S. tax-exempt assets are actively managed. The firm manages $320 million in U.S. markets for non-U.S. based clients.

Analysts or portfolio managers are stationed in London and Tokyo. Affiliated offices are in Paris, Zurich, Hong Kong, Singapore, Malaysia, Australia and the U.S.

The firm has been registered with the SEC since 1980.

Nigel Wightman is chief executive officer. Peter Flynn is the North American client contact at (212) 757-6000.

Rowe Price-Fleming International Inc.

100 E. Pratt St., Baltimore, Md. 21202; (301) 547-2141

Total assets managed	$2,686,000,000
U.S. tax-exempt assets	$2,115,000,000
International	$1,809,000,000
Global	$306,000,000
U.S. tax-exempt clients	24
Minimum separate account	$10,000,000

Rowe Price-Fleming International Inc., a subsidiary of T. Rowe Price Associates, Robert Fleming Holdings and Jardine Fleming Holdings, managed $1.703 billion in international equity, $32 million in international fixed-income and $74 million in international balanced accounts for U.S. tax-exempt clients as of March 31.

The international equity assets were committed most heavily to Japan, the U.K., West Germany, France and the Netherlands.

As of the same date, the firm had $151 million in global equity accounts and $155 million in global fixed-income accounts.

The global equity assets were committed most heavily to the U.K., Japan, West Germany, France and the Netherlands.

The firm had $211 million in commingled accounts invested abroad and $501 million in mutual funds invested abroad.

The firm's active management style uses a top-down, bottom-up equity approach with large- and small-capitalization stocks. Worldwide research capabilities are of primary importance. Its fixed-income approach is fundamentally oriented using active management of credit markets and currency exposure.

The firm uses non-U.S. currency hedging for 14% of U.S. tax-exempt assets managed, using forward foreign exchange contracts.

All of the international/global U.S. tax-exempt assets are actively managed.

Analysts or portfolio managers are stationed in Bahrain, Baltimore, Frankfurt, Geneva, Hong Kong, Jakarta, Kuala Lumpur, Melbourne, London, New York, Paris, the Philippines, Seoul, Sydney, Taipei, Tokyo and Zurich.

The firm has been registered with the SEC since 1979.

M. David Testa, chairman, is chief executive officer; David M. Gong is client contact.

Frank Russell Trust Co.

909 A St., P.O. Box 1454, Tacoma, Wash. 98401; (206) 572-2282

Total assets managed	$7,300,000,000
U.S. tax-exempt assets	$7,300,000,000
International	$325,000,000
U.S. tax-exempt clients	173
Minimum separate account	$5,000,000

Frank Russell Trust Co., a subsidiary of Frank Russell Co., employs a multimanager approach, diversifying by manager style, for the $325 million it handled in international equity accounts for U.S. tax-exempt clients as of March 31.

Because it does not directly manage the assets, its figures are not included in the directory's aggregate data.

The international equity assets were committed most heavily to Japan, the U.K., Hong Kong, France and Australia.

The firm's external managers use non-U.S. currency hedging, employing forward contracts.

Of the international U.S. tax-exempt assets managed on its behalf, $290 million is actively managed and $35 million is passively managed.

Paul Kaltinick is chief executive officer; Lynn Anderson is president; Kathy Brown is client contact.

S

SBC Portfolio Management International Inc.

1 World Trade Center, Suite 8935, New York, N.Y. 10048; (212) 432-8900

Total assets managed	$463,000,000
Non-U.S. pension assets	$31,000,000
U.S. tax-exempt assets managed	$357,000,000
International	$328,060,000
Global	$14,000,000
U.S. tax-exempt clients	19
Minimum separate account	$10,000,000

SBC Portfolio Management International Inc., a subsidiary of Swiss Bank Corp., managed $298 million in international equity and $30 million in international fixed-income accounts for U.S. tax-exempt clients March 31.

The international equity assets were committed most heavily to Japan, the U.K., Singapore, Norway and West Germany.

As of the same date, the firm had $14 million in global equity accounts, committed most heavily to Japan, the U.S., the U.K., Singapore and West Germany.

The firm is a top-down/bottom-up equity-oriented manager, relying on superior information to make strong bets against the EAFE Index, when prudent, while investing across the whole spectrum of the index. Active currency management, hedging when necessary, protects the fundamental value-oriented stock selection with quantitative overlays.

The firm employs non-U.S. currency hedging for 5% to 20% of U.S. tax-ex-

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empt assets managed, using forward currency contracts.

All international/global U.S. tax-exempt assets are actively managed.

Analysts or portfolio managers are stationed in Switzerland, the U.K., Hong Kong, Singapore, Australia and the U.S.

The firm has been registered with the SEC since 1982.

Peter J. Morant is chief executive officer; John W. Conlin is client contact.

Schroder Capital Management International

787 Seventh Ave., New York, N.Y. 10019; (212) 841-3830

Total assets managed	$2,400,000,000
Non-U.S. pension assets	$400,000,000
U.S. tax-exempt assets	$1,900,000,000
International	$1,800,000,000
Global	$100,000,000
U.S. tax-exempt clients	32
Minimum separate account	$15,000,000

Schroder Capital Management International, a subsidiary of Schroders PLC, managed $1.8 billion in international equity and $100 million in global equity accounts for U.S. tax-exempt clients as of March 31.

The international equity assets were committed most heavily to Japan, the U.K., West Germany, Switzerland and Hong Kong. The global equity assets were committed most heavily to the U.S., Japan, Switzerland, the U.K. and the Netherlands.

The firm had $130 million in commingled accounts invested abroad and $460 million in mutual funds invested abroad.

The firm's investment approach begins with country allocation; broad guidelines for country investments are based on two-year economic projections. Asset allocation is determined based on shorter-term market considerations. The firm then takes an active and aggressive approach to stock selection. Distinctively emerging growth stocks make up the core of the portfolio. Small to medium companies with an identified, sustainable competitive advantage are frequently chosen. The firm's emphasis on independent regional research enables investment in companies in the early stages of emerging growth.

The firm uses non-U.S. currency hedging for 10% of U.S. tax-exempt assets managed, employing forward foreign exchange contracts.

All international/global U.S. tax-exempt assets are actively managed. It manages $82 million in U.S. markets for non-U.S. based clients.

Analysts or portfolio managers are stationed in London, New York, Tokyo, Hong Kong, Singapore, Sydney and Zurich.

The firm has been registered with the SEC since 1979.

David M. Salisbury is chief executive officer; Sharon L. Haugh is client contact.

Scudder, Stevens & Clark

345 Park Ave., New York, N.Y. 10154; (212) 326-6297

Total assets managed	$40,172,000,000
U.S. tax-exempt assets	$10,131,000,000
International	$698,000,000
Global	$93,000,000
U.S. tax-exempt clients	595
Minimum separate account	$10,000,000

Scudder, Stevens & Clark managed $648 million in international equity and $50 million in international fixed-income accounts for U.S. tax-exempt clients as of March 31.

The international equity assets were committed most heavily to Japan, the U.K., the Netherlands, France and Switzerland.

As of the same date, it had $86 million in global equity and $7 million in global balanced accounts.

The global equity assets were committed most heavily to the U.S., the U.K., Canada, the Netherlands and Hong Kong.

The firm had $485 million in mutual funds invested abroad.

The firm's approach is both top-down and bottom-up. Assessments of the global economy and local market and currency factors are meshed with in-depth security analysis.

The firm uses non-U.S. currency hedging, primarily rolling hedges.

All international/global U.S. tax-exempt assets are actively managed.

Analysts or portfolio managers are stationed in New York, Boston and Tokyo.

The firm has been registered with the SEC since 1943.

Nicholas Bratt is chief executive officer-international investments. The client contacts are Emily L. Smith, Eastern region, in New York; David E. Honeyman Jr., Western region, at (415) 981-8191; and Victoria J. Herget, Midwest region, at (312) 861-2700.

State Street Bank and Trust

225 Franklin St., Boston, Mass. 02110; (617) 786-3000

Total assets managed	$42,500,000,000
Non-U.S. pension assets	$1,920,000,000
U.S. tax-exempt assets	$37,480,000,000
International	$5,153,000,000
Global	$431,000,000
U.S. tax-exempt clients	1,100
Minimum separate account	$10,000,000

State Street Bank and Trust Co., a subsidiary of State Street Boston Corp., managed $5.145 billion in international equity and $8 million in international fixed-income accounts for U.S. tax-exempt clients March 31.

The international equity assets were committed most heavily to Japan, the U.K., West Germany, France and Switzerland.

As of the same date, it had $431 million in global equity, committed most heavily to Japan, the U.S., the U.K., France and West Germany.

The firm had $3.106 billion in commingled accounts invested abroad and $4.788 billion in index funds invested abroad.

The firm concentrates on disciplined, quantitative strategies for separately managed and commingled portfolios. These strategies include EAFE and other international and global equity index funds, as well as active country and stock selection.

The firm uses non-U.S. currency hedging for 2% of U.S. tax-exempt assets managed, through currency forward contracts used on an optimized basket of the major currencies in the portfolio.

Of the international/global U.S. tax-exempt assets managed, $50 million is actively managed; $4.919 billion is passively managed; and $616 million is managed in an active/passive product. The firm manages $608 million in U.S. markets for non-U.S. based clients.

Analysts or portfolio managers are stationed in Boston.

Nicholas A. Lopardo, senior vice president, is chief executive officer; Peter E. Braun is client contact.

Employee benefit trends will be published Oct. 16.

Strategic Investment Management Group

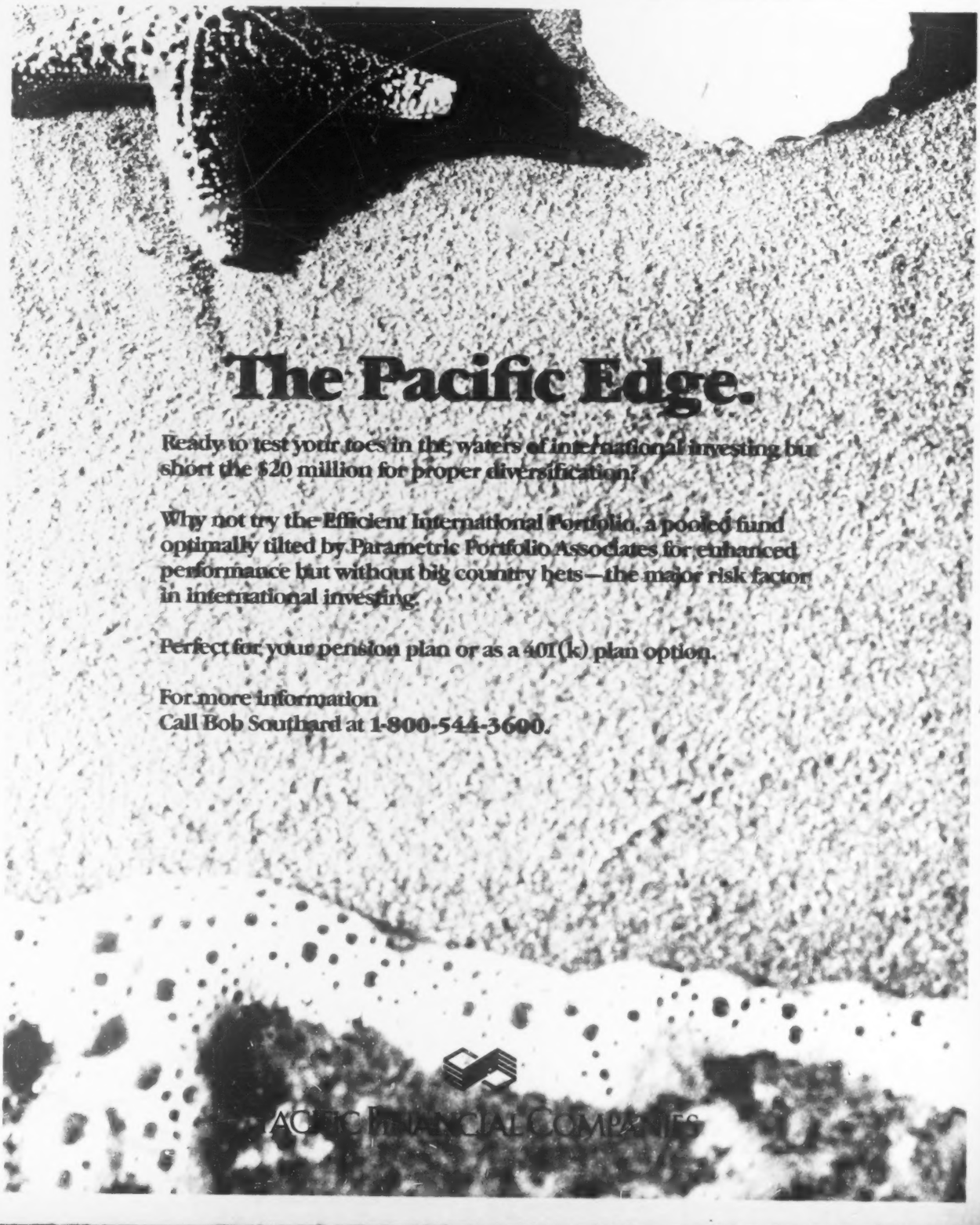
2000 K St. N.W., Suite 400, Washington, D.C. 20006; (202) 785-2300

Total assets managed	$4,402,000,000
Non-U.S. pension assets	$800,000,000
U.S. tax-exempt assets	$3,472,000,000
International	$755,000,000
U.S. tax-exempt clients	2
Minimum separate account	$50,000,000

Strategic Investment Management Group uses a multimanager approach for the $405 million in international equity and $350 million in international fixed-income accounts it handled for U.S. tax-exempt clients as of March 31.

The international equity assets were committed most heavily to the U.K., France, Japan, West Germany and Australia.

Because the assets are not managed directly, the firm's figures are not included in the directory's aggre-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gate data.

The firm had $137 million in commingled accounts invested abroad and $104 million in index funds invested abroad.

The firm provides large institutional pools with full asset allocation, asset management, reporting and research services. Assets are allocated using qualitative and quantitative tools, with investment strategy implemented through external managers.

Non-U.S. currency hedging is used on 58% of the U.S. tax-exempt international assets under management through forward contracts.

Of the international global U.S. tax-exempt assets managed, $644 million is actively managed and $111 million is passively managed. It manages $86 million in U.S. markets for non-U.S. based clients.

Analysts or portfolio managers are stationed in Washington.

The firm has been registered with the SEC since 1987.

Hilda Ochoa-Brillembourg, president, is chief executive officer; Ms. Ochoa-Brillembourg and Mary Choksi are client contacts.

T

TCW Global Advisors

400 S. Hope St., Suite 500, Los Angeles, Calif. 90071; (213) 683-4000

Total assets managed	$1,094,000,000
U.S. tax-exempt assets	$1,012,000,000
Global	$1,012,000,000
U.S. tax-exempt clients	17
Minimum separate account	$50,000,000

TCW Global Advisors, a subsidiary of Trust Co. of the West and Cursitor Eaton Asset Management, managed $1.012 billion in global balanced accounts for U.S. tax-exempt clients as of March 31.

Assets were committed most heavily to the U.S., Switzerland and West Germany.

The firm had $119 million in commingled accounts invested abroad.

The firm's top-down investment process subscribes to an absolute, rather than relative, return philosophy. The firm concentrates on three or four investment themes and invests in a maximum of six markets. The cornerstone of its investment process is the identification of major macroeconomic imbalances that will lead to shifts in financial markets.

All U.S. tax-exempt assets are actively managed.

Analysts or portfolio managers are stationed in London, Paris, New York and Los Angeles.

Thomas E. Larkin Jr. is client contact.

Master trust: Sept. 4.

Templeton International

500 E. Broward Blvd., Suite 2100, Fort Lauderdale, Fla. 33394; (305) 764-7390

Total assets managed	$2,670,000,000
Non-U.S. pension assets	$142,000,000
U.S. tax-exempt assets	$2,249,000,000
Global	$2,249,000,000
U.S. tax-exempt clients	42
Minimum separate account	$10,000,000

Templeton International, a subsidiary of Templeton, Galbraith & Hansberger Ltd., managed $2.163 billion in global equity and $86 million in global fixed-income accounts as of March 31.

The equity assets were committed most heavily to the U.S., the U.K., Canada, Australia and Hong Kong.

The firm searches globally for securities selling at levels substantially below what its analysts think they are worth. Stock selection, not country or sector selection, provides the greatest value added to its portfolios. Stocks are analyzed on a long-term time horizon; they are typically held for more than five years.

The firm uses non-U.S. currency hedging for 15% of its U.S. tax-exempt fixed-income portfolios. Currency options, currency forwards and bond options are employed.

All global U.S. tax-exempt assets are actively managed.

Analysts or portfolio managers are stationed in Nassau, Fort Lauderdale, Edinburgh and Hong Kong.

The firm has been registered with the SEC since 1979.

Thomas L. Hansberger is chief executive officer; James R. Wood, senior vice president, is client contact.

W

Warburg Investment Management International

787 Seventh Ave., New York, N.Y. 10019; (212) 459-7150

Total assets managed	$1,938,000,000
Non-U.S. pension assets	$368,000,000
U.S. tax-exempt assets	$1,533,000,000
International	$825,000,000
Global	$708,000,000
U.S. tax-exempt clients	31
Minimum separate account	$10,000,000

Warburg Investment Management International Ltd., a subsidiary of Mercury Asset Management Group PLC, managed $578 million in international equity, $232 million in international fixed-income and $15 million in international balanced accounts for U.S. tax-exempt clients as of March 31.

The international equity assets were committed most heavily to Japan, the U.K., France, West Germany and the Netherlands/Switzerland.

As of the same date, the firm had $375 million in global equity, $316 million in global fixed-income and $17 million in global balanced accounts.

The global equity assets were committed most heavily to Japan, the U.S., the U.K., France and West Germany.

The firm had $172 million in commingled accounts invested abroad and $172 million in mutual funds invested abroad.

The firm invests on the basis of fundamental, global research. Equity management combines top-down and bottom-up fundamental approach with stocks analyzed against a number of criteria, including earnings growth, management and product strength. Fixed-income management is top-down with currency and bond investment decisions made separately.

All international/global U.S. tax-exempt assets are actively managed. It manages $95 million in U.S. markets for non-U.S. based clients.

Analysts or portfolio managers are stationed in New York, Tokyo, Melbourne and London.

The firm has been registered with the SEC since 1976.

Robert Paul Brandon Michaelson, joint chairman, is chief executive officer; Steven W. Golann is client contact.

Wellington Management Co.

75 State St., Boston, Mass. 02109; (617) 951-5000

Total assets managed	$33,335,000,000
U.S. tax-exempt assets	$10,268,000,000
International	$330,000,000
Global	$19,000,000
U.S. tax-exempt clients	202
Minimum separate account	$10,000,000

Wellington Management Co. managed $319 million in international equity and $11 million in international fixed-income accounts for U.S. tax-exempt clients as of March 31.

The international equity assets were committed most heavily to Japan, the U.K., West Germany, France and Spain.

As of the same date, the firm had $19 million in global equity accounts, committed most heavily to the U.S., Japan, the U.K., West Germany and France.

The firm had $180 million in commingled accounts invested abroad.

The firm offers international established growth stock; international emerging company stock; Pacific Basin, global equity; and international bond investing. Stock selection is based on thorough fundamental analysis.

Non-U.S. currency hedging is used occasionally.

All international/global U.S. tax-exempt assets are actively managed. It manages $37 million in U.S. markets for non-U.S. based clients.

Analysts or portfolio managers are stationed in Boston, Atlanta, Valley Forge and Washington. An affiliated partnership is in London.

The firm has been registered with

Top 50 managers ranked by assets managed for non-U.S. pension funds in U.S. markets

	U.S. $ millions
Chase Investors	7,653
J.P. Morgan	4,209
Bankers Trust	3,798
Wells Fargo	2,271
Alliance Capital	1,147
WorldInvest	1,053
County NatWest*	844
Posthorn Global	825
State Street Bank	608
G.T. Capital	575
Nikko Capital	363
N.M. Rothschild Int'l	320
Daiwa Int'l	238
Fidelity Int'l	170
Capital Mgmt. Int'l	160
Globe Finlay	134
Discount Corp./N.Y.	132
First Chicago	96
Warburg Investment	95
Schroder Capital	82
Capital Guardian	79
Dimensional Fund	43
Wellington Mgmt.	37
Fiduciary Trust*	35
Morgan Grenfell	26
IDS Int'l	22
PCM Int'l	10
Phillippe Investment	5
Mellon-Pictet Int'l	2
ANB Investment	0
Julius Baer	0
Baring Int'l	0
Batterymarch Financial	0
Arnhold & S. Bleichroeder	0
Boston Int'l	0
Brown Brothers Harriman*	0
Capital Research & Mgmt.	0
Citicorp Investment	0
GE Investments	0
Grantham, Mayo, Van Otterloo	0
Hill Samuel/Investment	0
Kemper-Murray Johnstone	0
Mercator Asset*	0
Nomura Capital	0
Oechsle Int'l	0
Rowe Price-Fleming	0
SBC Portfolio Mgmt.	0
Scudder, Stevens & Clark	0
TCW Global	0
Templeton Int'l	0
TOTAL	**25,032**

* as of Dec. 31, 1988

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Butcher & Singer Inc. | Donaldson, Lufkin & Jenrette Securities Corporation | Gruntal & Co., Incorporated

Kidder, Peabody & Co. Incorporated | Piper, Jaffray & Hopwood Incorporated | Stifel, Nicolaus & Company Incorporated

the SEC since 1960.

Robert W. Doran is chief executive officer; Dena G. Willmore is client contact.

Wells Fargo Investment Advisors

50 California St., San Francisco, Calif. 94111; (415) 434-6027

Total assets managed	$64,969,000,000
Non-U.S. pension assets	$2,271,000,000
U.S. tax-exempt assets	$62,697,000,000
International	$1,954,000,000
U.S. tax-exempt clients	287
Minimum separate account	$100,000,000

Wells Fargo Investment Advisors, a subsidiary of Wells Fargo & Co., managed $1.795 billion in international equity, $72 million in international fixed-income and $87 million in international balanced accounts for U.S. tax-exempt clients as of March 31.

The equity assets were committed most heavily to Japan, the U.K., Australia, West Germany and France.

All of the U.S. tax-exempt international assets were in commingled index funds invested abroad.

The firm provides indexed management, tracking the EAFE or or FT-Actuaries equity and Salomon World Government Bond indexes. Each fund is composed of commingled country funds, allowing flexibility for custom country weightings. The firm offers asset allocation funds in Japan and the U.K.; "tilted" Japan equities; dynamic or static currency hedging; and South Africa-free EAFE index funds.

Non-U.S. currency hedging is used for 13% of U.S. tax-exempt assets managed.

Of the international/global U.S. tax-exempt assets, $87 million is actively managed; $1.612 billion is passively managed; and $255 million is managed in an active/passive program. It manages $2.271 billion in U.S. markets for non-U.S. based clients.

Analysts or portfolio managers are stationed in San Francisco.

The firm has been registered with the SEC since 1985.

Frederick L.A. Grauer is chief executive officer; Michael J. Henman, senior vice president, is client contact.

WorldInvest Ltd.

56 Russell Square, London WC1B 4HP, U.K.; 01-637-3322

120 E. 56th St., New York, N.Y. 10022; (212) 755-0900

Total assets managed	$2,701,000,000
Non-U.S. pension assets	$1,053,000,000
U.S. tax-exempt assets	$1,648,000,000
International	$726,000,000
Global	$922,000,000
U.S. tax-exempt clients	32
Minimum separate account	$10,000,000

WorldInvest Ltd., a subsidiary of WorldInvest (Holdings) Ltd., managed $229 million in international equity, $492 million in international fixed-income and $5 million in international balanced accounts for U.S. tax-exempt clients as of March 31.

The international equity assets were committed most heavily to Europe, the Far East, Canada and Australia.

As of the same date, the firm had $96 million in global equity, $747 million in global fixed-income and $79 million in global balanced accounts.

The global equity assets were committed most heavily to Europe, the U.S., the Far East, Canada and Australia.

The firm had $121 million in commingled accounts invested abroad.

The firm takes a top-down equity approach using emerging growth and low p/e stocks. Emphasis is on companies with improving margins, product innovations and expanding markets. Its fixed-income approach is influenced by interest rate anticipation. Market, duration and currency decisions are based on fundamental analysis. Managers do selective swaps between sectors and borrowers.

The firm uses non-U.S. currency hedging for 40% of U.S. tax-exempt international fixed-income and 55% of U.S. tax-exempt global assets. Currency forward exchange contracts are used.

All U.S. tax-exempt assets are actively managed. It manages $1.053 billion in U.S. markets for non-U.S. based clients.

Analysts or portfolio managers are stationed in London.

The firm has been registered with the SEC since 1985.

Keith Brown, chairman, is chief investment officer; Francois Dennery, director, is client contact in New York.

UPDATE

Wang seeks out niche

LOWELL, Mass. — With 13 international locations, Wang Laboratories is betting it can find a niche and make its new investment subsidiaries successful.

Last year, the company formed two investment subsidiaries, which manage about $200 million.

The lion's share — about $160 million — comes from Wang's own pension, profit-sharing and 401(k) funds.

Most of the remainder comes from limited partners in Taiwan, who have invested in Wang's $50 million Golden Gate venture capital fund.

The fund, first offered in June 1988, primarily is invested in "companies that have a particular relevance to Taiwan," said Martin Goldman, president of both subsidiaries, Wang Development and Investment Corp. and Wang Development Capital Corp.

"We've received incredible demand for our venture capital funds," said Carole Schumann, national sales director for the subsidiaries. Ms. Schumann was hired in October from Bear, Stearns & Co., New York.

Mr. Goldman declined to comment on reports that Wang is preparing a second venture capital fund.

Although the Wang Development Capital arm hasn't yet landed any clients, Mr. Goldman is not worried. He said it is unreasonable to assume the firm will get clients immediately after cold calls.

Its targeted clients are corporate pension funds, endowments and foundations.

"We are taking a long-term view," he said. "In reality, we are just hitting our stride."

Mr. Goldman said the firm, which offers global leasing and export services, has the infrastructure in place for management of anywhere between $200 million and $2 billion.

"The niche market of global financial business has outstanding potential," Mr. Goldman said. "The financial marketplace is truly global and we have experience there."

Golann joins Warburg

NEW YORK — Steven W. Golann has joined Warburg Investment Management International Ltd., with responsibility for marketing and client services.

Mr. Golann formerly was managing director for Wertheim Philippe International, New York, a partnership between The Philippe Group, a Paris-based money management firm, and Wertheim Asset Management Services Inc., New York.

The partnership was dissolved earlier this year, partly because of mounting pressures by Wertheim Schroder & Co. Inc., Wertheim Asset's parent company, to expand beyond the level to which Philippe executives felt comfortable.

Colin Clark, who was formerly in charge of marketing services at Warburg, returned to Warburg's operation in London.

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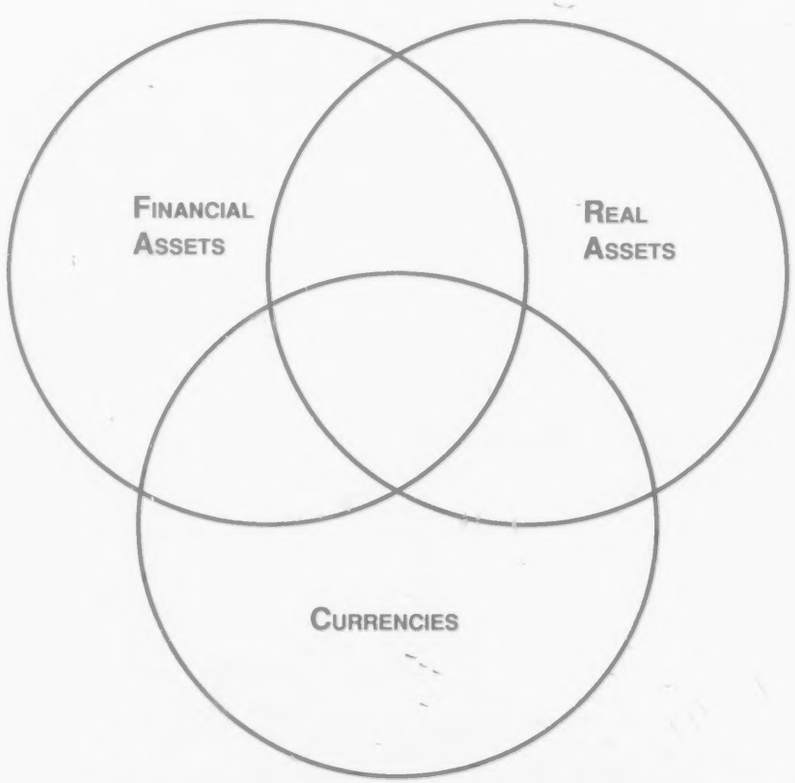

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CHASE

PORTFOLIO MANAGEMENT

Japan indexes able to capture the big picture

By Barry B. Burr

CHICAGO — A new Japanese stock index published by Ibbotson Associates Inc. confirms the overall pattern of returns produced by four other Japanese indexes, although in some years the returns vary by more than 10 percentage points.

In 1988, for example, the returns of the five indexes ranged from 30.6% to 38.2%. In 1986, the returns ranged from 85.9% to 104.3%.

The differences arise because of variances in the makeup of the indexes, according to the producers of the indexes and consultants. They share the similarity of being market-value weighted.

In deciding which indexes to use as a benchmark, Michael J. Howard, U.S. director-international services at SEI Corp., Chicago, said, "You need to figure out what your objective is and to understand the methodologies used to construct the indexes."

Ibbotson Associates' index of the Tokyo Stock Exchange-Section 1 listed companies is the most comprehensive of the five indexes. It is known as the Hamao/Ibbotson TSE-1 Index after Yasushi Hamao, assistant professor of finance at the University of California-San Diego and a partner of Roll and Ross Asset Management Corp., Blue Bell, Pa., who compiled it in collaboration with Roger G. Ibbotson, president of Ibbotson Associates, Chicago, and professor of finance at Yale University, New Haven, Conn.

The Hamao/Ibbotson TSE-1 index is part of a comprehensive compilation of returns of Japanese major asset classes, namely stocks, including indexes of the TSE-Section 2 and Japanese small stocks, bonds and short-term interest rates, published by Ibbotson Associates. All of its returns begin in 1971.

As one of the accompanying tables shows, the returns on Japanese assets in dollar terms outpace the returns on their U.S. counterparts, even on a risk-adjusted basis.

In equities, the Hamao/Ibbotson TSE-1 index is the most thorough of the indexes tracking stocks on the TSE-Section 1. It began in 1971 and [illegible] every stock; at the end [illegible] the TSE-1 consisted of [illegible] s.

The Ha[illegible]on index also includes re[illegible]nt of dividends, as d[illegible] of the four other indexes. [illegible] exception is the Tokyo Stock Price Index, or TOPIX, which also includes all the TSE-1 stocks.

During the 18-year period, the Hamao/Ibbotson TSE-1 index shows dividend income averaged a compound annual 1.8% compared to 4.4% for the Standard & Poor's 500 Stock Index.

"Dividends aren't significant in Japan," said James Smith, assistant portfolio manager at Kemper-Murray Johnstone International Ltd., Glasgow, Scotland, who supplied the TOPIX returns.

The Nikkei 225 Index, published by Nikkei Newspaper Co. of Japan, is a share-price weighted index, similar to the widely quoted Dow Jones Industrial Averages. It consists of only 225 stocks and focuses generally on manufacturing industries. With such emphasis, it has become less broad based as financial and other services industries become increasingly important.

The Japan subindex of the Europe Australia Far East Index, produced by Morgan Stanley & Co., New York, had 265 stocks of the TSE-1, representing about 65% of its market weighting. It also excludes Japanese stocks not available to U.S. investors, like Nippon Telephone & Telegraph Co.

The Salomon-Russell Japan Index, produced by Salomon Brothers Inc., New York, and Frank Russell Co., Tacoma, Wash., consists of 163 stocks, designed to mirror the sector weights of the TSE-1. It comprises about 65% of the "available" capitalization of the market in Japan. The stocks are weighted to adjust for the actual available supply, eliminating government holdings, corporate cross-holdings and stocks U.S. investors can't buy. That adjustment eliminates roughly 30% of the market, said Michael Mahaffy, Salomon international portfolio specialist.

The FT-Actuaries Japan Index, produced by Goldman, Sachs & Co., New York, Financial Times Ltd. of London and County NatWest/Wood Mackenzie, London, has 455 stocks. The Salomon-Russell index and the FT-Actuaries Japan inc[illegible] have short histories, beginning, respectively, in 1985 and 1981. ■

Index comparisons in dollar terms

	TSE-1 Hamao/Ibbotson	Morgan Stanley EAFE Japan	FT-Actuaries Japan	Salomon Russell Japan	TOPIX	Nikkei	S&P 500
1988	30.6%	35.5%	[illegible]2%	38.2%	32.7%	34.8%	16.8%
1987	42.8	43.2	42.2	38.9	44	52.5	5.2
1986	85.9	99.7	95.6	104.3	89	79.1	18.5
1985	45.3	43.4	43.9	45.5 *	44	42.1	32.2
1984	16.9	17.1	17.3		15.1	7.6	6.3
1983	29	24.9	27.1		24.9	25.2	22.5
1982	−0.9	−0.5	−0.2		−2.6	−2.3	21.4
1981	11.6	15.9	13.2 *		7.4	−0.1	−4.9
1980	26.1	30.2			26	27.5	32.4
1979	−15.6	−11.8			−17.2	−11.2	18.4
1978	56.7	53.4			52.4	52.3	6.6
1977	17.9	15.9			16	19	−7.2
1976	27.2	25.7			23.5	19.3	23.8
1975	17.5	20			14.3	12.6	37.2
1974	−12.9	−20.5			−15.4	−17.5	−26.5
1973	−15.9	−15.4			−17.7	−10.8	−14.7
1972	115.1	127			110.1	100	19
1971	57.9	55			52.6	56.2	14.3

*First year of index

Sources: Ibbotson Associates Inc., Chicago; Goldman, Sachs & Co., New York; Salomon Brothers Inc., New York; Kemper-Murray Johnstone International Inc., Glasglow, Scotland; Frank Russell Co., Tacoma, Wash.; other.

Comparison of returns and risk, 1971-1988

	Return*	Standard deviation*
TSE-1 (yen)	18.6%	26.5%
TSE-1 (dollar)	25.7	33.4
EAFE-Japan (yen)	19.2	–
EAFE-Japan (dollar)	26.5	–
TOPIX (yen)	16.6	–
TOPIX (dollar)	23.6	–
S&P 500	11	16.5
TSE-2 (yen)	13.4	26.9
TSE-2 (dollar)	20.1	34.7
TSE-1 small (yen)	23.7	29.6
TSE-1 small (dollar)	31.1	42
NYSE small	15.9	23.7
Long-term gov't bonds (yen)	8.5	5.6
Long-term gov't bonds (dollar)	14.9	17.8
U.S. long-term gov't bonds	8.4	12.2
Long-term corporate bonds (yen)	9.1	5.2
Long-term corporate bonds (dollar)	15.6	17.4
U.S. long-term corporate bonds	8.8	12.6
Short-term interest rate (yen)	6.9	2.4
Short-term interest rate (dollar)	13.3	14
U.S. Treasury bills	7.6	2.8
Inflation (Japan)	5.6	5.6
U.S. inflation	6.4	3.5

*Compound annual

Sources: Ibbotson Associates Inc., Chicago; Morgan Stanley & Co., New York; Kemper-Murray Johnstone International Inc., Glasgow, Scotland.

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U.S. officials hit

Continued from page 3

Pont de Nemours & Co.'s employee compensation and benefits division, Wilmington, Del., and speaking for the Coalition for Retirement Income Security.

In an updated analysis, the Employee Benefit Research Institute, Washington, estimates the CRIS proposal would generate $7.65 billion in revenue between 1989 and 1993.

That estimate is in sharp contrast with the Treasury Department's reaction.

Mr. Gideon said, at first glance, the CRIS proposal actually may lose money "in the near term when all transactions are accounted for," and it clearly would cause a revenue loss in the long run.

Revenue estimates for broader proposals allowing for transfers of surplus pension assets as well as additional pre-funding of retiree medical liabilities were not ready for the hearing, disappointing proponents of those measures. But if government revenue figures ultimately show the more limited CRIS proposal to be costly, the other proposals are likely to be even more expensive.

Administration officials raised other problems with transfer proposals:

- A funding cushion equal to 150% of current liabilities would have to remain in the plan to prevent employers from gaming the tax rules. Current proposals call for a funding cushion of between 115% and 125%.

Officials agreed only 125% of plan liabilities were needed to adequately protect participants' benefits. But unless the cushion were set at the full-funding limit of 150% of current liabilities, the scheme could amount to "back-door pre-funding," thus increasing revenue losses, officials explained.

- Transferring assets from one set of participants covered by a pension fund to pay for benefits for another employee group "represents a significant departure from the exclusive benefit principles central to ERISA and the Internal Revenue Code," said Ann L. Combs, deputy assistant secretary for the Labor Department's Pension and Welfare Benefits Administration.
- Any new tax incentives for employer pre-funding of retiree health benefits would have to be accompanied by minimum standards to protect plan participants, possibly including vesting, mandatory funding, benefit accruals and non-discrimination rules, officials said.

Employers, however, oppose adoption of ERISA-type standards that could expand employer liability.

Rep. J.J. Pickle, D-Texas, who chairs the Oversight subcommittee, asked Mr. Gideon whether he favors employers terminating their overfunded pension plans or shifting surplus assets to a retiree medical account.

But Mr. Gideon said the question posed a "Hobson's choice," with transfers better for participants but causing a revenue drain for the government. ■

The cost of pre-funding*
$ billions

Revenue effect due to:	Fiscal year 1989	1990	1991	1992	1993	Total
Retiree medical trust payments	$0.69	$1.33	$1.61	$1.84	$2.18	$7.65
Change in pension contributions	-.21	-.38	-.56	-.49	-.29	-1.93
TOTAL	0.48	0.95	1.05	1.35	1.89	5.72

* Estimated five-year impact on U.S. revenue based on a proposal by the Coalition for Retirement Income Security
Source: The Employee Benefit Research Institute, Washington

Bankers win one

Continued from page 1

What's more, they convinced Congress the proposed moratorium had a far more sweeping effect than represented by the amendment's authors, and would have affected a wide range of bank instruments, including time deposits, checking accounts and traditional certificates of deposit.

The moratorium's proponents "couldn't establish that there was any need for it. There wasn't any risk to the FDIC," said Hugh Forcier, a partner in the Minneapolis law firm of Faegre & Benson. Mr. Forcier represents Washington Mutual Savings Bank, Seattle, an issuer of bank insurance contracts, known as BICs, which compete with GICs.

The moratorium provision had been contained within the House thrift rescue bill, H.R. 1278, which passed the House June 15.

But a bipartisan effort led by ranking members of the Education and Labor Committee convinced the House to adopt a substitute amendment, calling for the FDIC to conduct a six-month study on whether federal pass-through guarantees to pension plan participants and to individual investors in unit investment trust funds pose a risk to the federal insurance funds.

A similar amendment is in the Senate thrift bill. The bills will go to a conference committee shortly, and congressional leaders hope to present a final bill to President Bush by the July Fourth recess.

At issue was pass-through insurance provided to investments by retirement plans in banking instruments. Under federal banking agency interpretations, pension funds investing in bank deposits are entitled to federal deposit insurance of up to $100,000 per plan participant, meaning a single fund could obtain millions of dollars of protection on its investments.

The hotly contested issue began as an insurance industry attack on the growing market share banks were taking in the $150 billion GIC market. In the past two years, banks have entered the field with BICs, and have swiftly captured much of the short-term market. They expect to write between $25 billion and $30 billion a year in BICs.

But as the debate proceeded, it became apparent the moratorium provision — which would have affected pension investments made after April 6 — could have applied to hundreds of billions of dollars of pension and profit-sharing investments in bank products.

American Council on Life Insurance lobbyists argued the pass-through insurance posed a risk to the FDIC and that federal insurance provided an unfair marketing advantage to banks.

But first the American Bankers Association and then labor and other interest groups rallied against the moratorium provision, which also was opposed by the Department of Labor. The groups said the moratorium would disrupt pension investments despite a lack of evidence that such investments threatened the federal banking insurance funds.

They obtained important support from FDIC Chairman William Seidman. In a letter to Rep. Stephen Neal, D-N.C., Mr. Seidman said the pass-through provisions provided "no significant risk to the insurance fund," would affect a wide range of instruments and would interfere with the agency's ability to carry out its job.

As much as anything, the House Education and Labor Committee won an important jurisdictional fight with the House Banking, Finance and Urban Affairs Committee, which had approved the moratorium provision sponsored by Rep. Charles Schumer, D-N.Y.

A group of 30 labor committee members — led by Chairman Augustus F. Hawkins, D-Calif.; Rep. William F. Goodling, R-Pa., Rep. William L. Clay, D-Mo.; and Rep. Marge Roukema, R-N.J. — opposed the moratorium.

In the June 15 floor debate, banking committee members warned that granting pass-through deposit insurance would cause weak banks to seek pension deposits by offering high rates of interest and passing the risk to the federal government.

"I predict not too far in the future we are going to be standing in this well of the House, not with a bailout of the S&Ls, but a bailout of the banking institutions of this country because of the irresponsible act today of the Committee on Education and Labor, bowing down to organized labor," said Rep. Paul E. Kanjorski, D-Pa.

Labor committee members countered those charges.

"Do not let the climate of serious concern over the dimensions and costs of our current problem with the thrifts cause us to take action to disrupt pension plan investments without any concrete examples of abuse," argued Mr. Clay, who chairs the House Labor Subcommittee. ■

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Searches up

Continued from page 1

outperformed the Standard & Poor's 500 Stock Index as well as larger-cap stocks in the first quarter of 1989, according to DeMarche Associates Inc., Kansas City, Mo. The DeMarche small-cap index was up 8% for the quarter, compared with 5.6% for DeMarche's large-cap index and 7% for the S&P.

After underperforming larger issues in the fourth quarter of 1988, small-cap stocks, as measured by the Russell 2000 Index, turned around in the first quarter. The Russell 2000 ended the first quarter up 7.78%, continuing a trend that started in 1988 when the Russell 2000 ended the year up 24.9% compared with 16.5% for the S&P.

For the first five months of 1989, the Russell 2000 was up 17.2% compared with 16.8% for the S&P.

The Russell 2000 tracks performance for 2,000 stocks with market values between $25 million and $370 million.

As indicated by Mr. Kern, asset allocation studies have been part of the impetus for the hiring of small-cap managers by several pension plans, including the Tucson Supplemental Retirement System and the Los Angeles County Employees Retirement Association. The Houston Municipal Employees Pension Plan also is considering small-cap allocations.

Joseph Barkenbush, asset director-finance for the $145 million Tucson plan, said the system hired D.S. Kennedy & Co., San Francisco, to run a $10 million small-cap portfolio following an asset allocation study by Becker, Burke Associates, Chicago, this year.

"Becker, Burke and our (investment advisory) committee felt small caps were the place to be for the long term. Our view is that performance for this sector will be going up and is starting to take off," he said.

Mr. Barkenbush said Kennedy will complement the system's two core equity managers.

The $8 billion Los Angeles County plan split $400 million among five small-capitalization specialists in April following an asset allocation study by the Chicago office of Callan Associates.

Cliff Tuttle, executive director of the $460 million Houston Municipal plan, said his fund is considering the addition of a small-cap manager because of the long-term performance record of small-cap stocks.

"We thought we needed to get on the train; this is an attractive asset category to be in," said Mr. Tuttle. He said the fund's consultant, the Houston office of SEI Corp., is assessing managers and how much should be placed in small-cap stocks.

"Previously, small-cap investments were considered more risky in the public sector and the smaller funds were more interested in value growth managers. We think they (small-cap stocks) have demonstrated over the last 2, 5, 10 years there is money to be made there and the risk is not as high as is generally perceived," he said.

And Ken Weaver, assistant comptroller-insurance at the $1.4 billion Army & Air Force Exchange Service, Dallas, said the fund is "testing the water" in looking for an international small-cap manager to complement its existing $130 million domestic small-cap portfolio.

"We're looking to see if it fits," he said. "Over time we believe small-cap stocks give superior performance. We believe small-cap as a portfolio asset class has an overall role in our portfolio for some time."

Robert Marchesi, president of DeMarche Associates, said manager searches for small-cap managers have been "quite solid" for the past year.

"Clearly, small-cap stocks have gotten cheaper relative to the market. They underperformed from 1983 through 1987 and with the overall market coming down to more fairly valued, relatively speaking small-cap stocks were cheap," he said. "Small-cap stocks have always done better after a large correction historically; they have always bounced back."

Bert Dohmen, president and chief investment officer of Wellington Financial Corp., Honolulu, said small-cap stocks are the "big story" in the next wave of the current bull market for stocks.

"Small-cap stocks are selling at the same price/earnings ratios as the blue chips. Usually their p/es are much higher, because of their faster growth rate. Therefore, if we expect the p/e differential to return to historical levels, small-cap stocks should outperform the blue chips during the current bull market phase. All of our indicators point in that direction," he said.

John Palicka, chief portfolio manager and managing director at MIDCO Investors, Newark, N.J., said with the relative valuation levels favoring small-cap stocks, "now you can almost buy a Mercedes for just over the price of a Chevrolet."

Ben Fischer, principal with NFJ Investment Group Inc., Dallas, said the recent secular trend toward index equity funds might be slowing and that also could work to the benefit of small-cap stocks.

"The money flow (to index funds) created a wave of large-cap performance. You find a gradual skewing of the S&P performance upward from the in- and outflow to index funds, which hurt small-cap stocks," he said. "When you look at small-cap stocks, there has been an extreme effect because of the flow to indexing which peaked in 1987. Starting in 1988 this trend tailed off and small-cap stocks surged." ■

Small stocks pay off in long run

Investment	Real annual return*
Secondary equities	7.8%
Foreign equities	6.9
Major equities	6.1
Farmland	5.4
Art	5
Timberland	4.6
Residential real estate	4.1
Commercial properties	3.7
Foreign bonds	3.7
Gold	3
U.S. government bonds	2.6
Corporate bonds	2
Short-term investments	1.6

*Average annual total return, 1946-1988; total return less 4% annual inflation

Source: Morgan Stanley Research

401(h) survival doubted

Continued from page 3

prised" if the IRS position is not long-lived.

But there are problems in calculating how much revenue could be generated, he said, because the guidance has come only in private letter rulings, which do not establish legal precedents. Without more general guidance, each employer must apply individually to obtain a favorable ruling.

The Treasury Department has acknowledged the difficulties in calculating the revenue impact. At a June 14 House Ways and Means Oversight Subcommittee hearing, Kenneth W. Gideon, assistant secretary for tax policy, said it is hard to predict whether employers will choose to pre-fund retiree health benefits through 401(h) accounts rather than invest in ongoing business operations.

Mr. Gideon also said the extent of retiree health liabilities is uncertain because of rising health care costs and the nature of the benefit involved, and proposed accounting rules that are scheduled to take effect in 1992 still have a long way to go until they are made final.

Assuming the accounting rules take effect, employers don't alter their retiree health promises, pension funding levels remain about the same and a large number of employers choose to pre-fund their retiree health liabilities, the Treasury Department estimated the IRS rulings eventually will cost the government about $500 million a year in revenue.

Congressional leaders also have taken umbrage that the IRS apparently has made a significant policy change without seeking legislative approval.

At the June 14 hearing, Rep. Raymond J. McGrath, R-N.Y., questioned why the IRS was better able to expand pre-funding of retiree health liabilities through 401(h) accounts than the Congress. "They're (IRS officials) not elected," he complained.

Mr. Gideon replied IRS officials thought they were making a correct interpretation of the law, and not setting policy.

Mr. Mason urged employers to adopt 401(h) accounts now so they can be "grandfathered" in case the tax law is changed.

But Henry Savath, a principal at A. Foster Higgins & Co., New York, said he is "starting to wonder if they (the IRS) will be issuing rulings given the concerns being brought forward." He said some employers had expressed interest in establishing 401(h) accounts, but there is a time lag before most companies are able to take action on such issues. ■

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Concession

Continued from page 1

Rodgers said.

In the past, institutional investors sponsoring poison pill resolutions have pushed for rescinding the plans or putting the pills to a shareholder vote. Officials of such funds as the California Public Employees' Retirement System and the Teachers Insurance and Annuity Association — College Retirement Equities Fund talked to the companies, won certain promises stemming from their demands, then agreed to withdraw the poison pill resolutions. That was the case with $67 billion TIAA-CREF and Dayton Hudson Corp., and California and Great Northern Nekoosa Corp.

Never before has a company management agreed to revise a plan, put it to a vote and urge shareholders to approve it in the proxy.

Besides the National Intergroup case, the 1989 proxy season was highlighted by a host of other examples of improved communication between corporate America and institutional investors.

The corporate governance initiatives this year focused on poison pill resolutions and confidential voting proposals, and a smattering of first-time resolutions such as one calling on companies to opt out of Delaware's anti-takeover law. Sponsors of these resolutions said they were pleased with the results, believing they had made progress in winning shareholder support on a range of corporate governance issues.

Jose Arau, principal investment officer with the $46 billion California Public Employees' fund, Sacramento, one of the most active public pension funds, said shareholder support grew for many of the fund's initiatives. He was especially happy about the agreement worked out with Great Northern Nekoosa.

John Wilcox, managing director at Georgeson & Co., New York, a proxy solicitation firm that represents many large corporations, said institutional investors clearly were better organized and informed this year. Plus, corporate executives took very seriously the corporate governance resolutions the investors sponsored.

"After this proxy season, I don't think anyone can accuse shareholders of being passive or label institutional investors a 'sleeping giant' any longer — although some managements have indicated they wouldn't mind if the giant did go back to sleep," said Peg O'Hara, director of the corporate governance service at the Investor Responsibility Research Center, Washington.

"Shareholders this year submitted a record number of shareholder proposals — some in areas never touched on before — and racked up substantial votes for them. At several companies they went beyond shareholder proposals and waged all-out proxy solicitations against management proposals or policies, and in at least one case — Honeywell Inc. — the shareholders won."

At Honeywell, shareholders defeated two proposals following a major campaign by the California Public Employees' Retirement System, the Pennsylvania Public School Employes' Retirement System, Institutional Shareholders Services Inc. and North American Partners, a firm associated with Texas investor Richard Rainwater. The two proposals called for adoption of a board classified by staggered terms and would have eliminated shareholders' rights to act by written consent without a meeting. Although management fought hard for shareholder support, the shareholders group won out, marking the first time a major proxy solicitor was hired by institutional investors in a successful contest.

Ms. O'Hara noted shareholders this year sought discussions with corporate managements on a much larger scale than before. Eight companies this year joined the list of those voluntarily adopting confidential proxy voting, and three have agreed to redeem or put their poison pill shareholder rights plans to a vote within three years.

"Some shareholder resolutions were withdrawn — sometimes after concessions were made, sometimes when they weren't; sometimes the two sides simply agreed to disagree, but both said they benefited from talking," Ms. O'Hara said.

Several other pre-annual meeting victories underscored the trend. Texaco Inc. nominated a director to its board to represent institutional investor interests, and the California Employees' system agreed to withdraw a proposal to set up a shareholder advisory committee there.

After the Alaska oil spill, Exxon Corp. bowed to pressure from the more than $35 billion New York City Retirement Systems, agreeing to put an environmentalist on its board and to take other steps sought by shareholders to improve the company's environmental performance. The New York City systems had threatened to vote all of its 6 million shares against the Exxon board.

Robert Monks, president of Institutional Shareholder Services Inc., a Washington consulting firm, concurred. 1989 was a quieter proxy season than last year, with less hostility and more communication.

With the 1989 proxy season about to wind up, stockholders have voted on 17 poison pill resolutions so far. The average vote was 37.4%. That's up slightly from last year, but overall the poison pill resolutions did not net much more support from shareholders in 1989 than they did in 1988.

The secret ballot proposals, however, fared better. The average vote based on 35 proposals was 27.4%, up about 6% from 1988.

The average vote for the resolutions to opt out of Delaware's takeover law at Boeing Co., Ford Motor Co., Kimberly-Clark Corp. and Lockheed Corp. was 16.4%, a respectable vote for a first-time resolution. Another new resolution, sponsored by the California State Teachers' Retirement System calling on Dow Chemical Corp. to put any "golden parachutes" to a shareholder vote, netted 26.1% for the resolution. ■

Summary of 1989 proxy votes*

	For	Against
Anti-greenmail		
Ameritrust	15.2%	84.8%
General Motors	27.8	72.2
Goodyear Tire & Rubber	26.8	73.2
J.C. Penney	32	68
Golden parachute		
Dow Chemical	26.1	73.9
Equal access to the proxy		
Amoco	5.5	94.5
Bank of New England	7.3	92.7
Chevron	5.2	94.8
Opt out of Delaware anti-takeover law		
Boeing	19.3**	
Ford Motor	7.4	
Kimberly-Clark	16.1	
Lockheed	22.9	

*Results as of June 19, some numbers are preliminary

**Of outstanding shares

Source: Investor Responsibility Research Center Inc., Washington

Summary of 1989 proxy votes*

POISON PILL

	For	Against	Abstain
Alexander & Alexander Services	28.5%	62.3%	9.2%
American Cyanamid	28.3	63.8	7.9
Avon Products	39.9	33.2	26.9
Boise Cascade	33.7	63.4	2.9
Bristol-Myers	25.2	60.1	13.7
CSX	33	53.4	13.6
Champion International	46.8	49.2	4
Consolidated Freightways	48.3	44.5	7.2
Halliburton	35.2	51.8	13.1
Kerr-McGee	39	44.2	12.7
Polaroid	16.5	63	20.5
Squibb	33.4	52.6	14
TRW	33.3	64.4	2.3
USAir Group	48.3	48.5	3.2

SECRET BALLOT

	For	Against	Abstain
Allied Signal	25.8%	72.1%	2.1%
American Electric Power	13.8	76.4	9.8
Amoco	19.5	78.9	1.6
Avon Products	27	48.9	24.1
Boise Cascade	32.3	65.9	1.8
Caterpillar	19.8	67.5	12.7
Colgate-Palmolive	18.9	67.4	13.7
Dayton-Hudson	35.8	61.5	2.7
Dow Chemical	21.9	68.9	9.2
GTE	21.3	76.5	2.2
Gentex	15.3	57	27.7
Gillette	26.1	70.9	3
Honeywell	32.5	66.2	1.3
K mart	36.4	52.5	11.1
Lockheed	28.9	53.3	17.8
MNC Financial	12.7	79.6	7.6
McDonald's	25.1	62.7	12.2
Mobil	22.8	74.9	2.3
Monsanto	24.7	62.1	13.2
Ryder System	37.9	52	10.1
Santa Fe S. Pacific	9.1	89.1	1.8
State Bancorp	33.1	61.8	5.1
Stone Container	29.4	55.1	15.5
Texaco	24.9	73.1	2
USAir Group	44	53.2	2.3
Upjohn	15.1	65.4	19.5
Whirlpool	36	55.2	8.8

*Results as of June 19, some numbers are preliminary

Source: Investor Responsibility Research Center Inc., Washington

Venture capital

Continued from page 2

quartiles. The funds would not be identified.

Valuation of venture capital investments on an interim basis — before the funds are liquidated, which usually occurs after 10 years — is necessarily imprecise, Mr. Holaday said. Such imprecision does not make such valuation meaningless, however, as interim and final returns generally are correlated, he said.

Also, often in the third or fourth year of a fund's life, general partners are out raising another fund and talking about past performance, and potential investors need to know how these returns measure against others, he said.

Mr. Holaday's proposal for valuing venture investments is largely a reflection of the practices the funds currently use. Private companies in a venture capital fund's portfolio normally should be valued at investment cost unless there has been a subsequent equity financing or a significant change in current or projected operating performance, he said, with appreciation or reduction in value recognized primarily when there has been a transaction by a sophisticated new investor.

He also proposed a variety of rules covering special situations.

He proposed various discounts for valuation of publicly traded securities, depending on whether they are restricted or unrestricted and how substantial the venture fund's position is in these securities.

The return measurement, he said, ultimately should be the cash-on-cash return to limited partners. This should take into account cash drawn down, cash and stock distributions and current portfolio valuations. Also, the performance should be adjusted for annual management fees and general partners' carried interest, that is, the percentage of profits they are entitled to receive.

Pension fund executives who attended the conference generally were enthusiastic about development of performance measurement standards.

"I'm a proponent of it," said Claudia Brown, manager-pension investment administration at Southwestern Bell Corp., St. Louis. "I was very pleased to see that the managers we've hired for our account are in the forefront on this issue."

First Chicago manages $75 million in venture capital for the more than $6 billion Southwestern Bell pension fund; Bigler/Crossroads, Farmington, Conn., handles $50 million.

Ms. Brown added she's happy venture capitalists' resistance to comparative performance measurement has lessened. Venture capitalists have been concerned it might lead to a short-term performance orientation for what is by nature a long-term investment, but most institutional investors are sophisticated enough to avoid this pitfall, she said.

Susie Mukai, investment analyst for the $3.9 billion Illinois Municipal Retirement Fund, Chicago, said it's a good idea to standardize venture capital performance measurement. Her fund has $120 million committed to venture capital.

Venture capitalists gave the concept varying reviews. "I think, on balance, it is a good thing," said Edwin A. Goodman, general partner of Hambro International Venture Fund, New York. "As you have more institutions interested (in venture capital), you have to respond to what they need, and what they need is a better system of measurement. . . . It's one of the classic signs of a maturing industry."

Stanley Golder, general partner of Golder, Thoma & Cressey, Chicago, cautioned that valuing private companies is extremely subjective. Still, there are positive elements to comparative performance measurement, he said.

Richard M. Burnes Jr., general partner of Charles River Ventures, Boston, said he found Mr. Holaday's proposal quite reasonable. Yet Cornelius Ryan, general partner of Oxford Partners, Stamford, Conn., expressed concern that performance evaluation is concentrating on quantitative information, while qualitative factors remain important. (While most of the proposal focused on quantitative information, Mr. Holaday did note investors need to make qualitative judgments.)

Venture Economics' Ms. Vincent also said investors should look at qualitative information. "It's still necessary to do due diligence on fund managers. I don't know any way of shortcutting that," she said.

The committee's performance measurement system would be, to some extent, competition with the services provided by Venture Economics and other consultants, she said, but consultants also do other work, such as helping investors interpret data and make qualitative judgments about venture funds. She added she endorses standardization of the valuation process. ■